HHLA

GATEWAY TO THE FUTURE

ANNUAL REPORT

2021 HAMBURGER HAFEN UND LOGISTIK AKTIENGESELLSCHAFT

HHLA segments

Container

€ 841.9 million Revenue

58 % Share of revenue

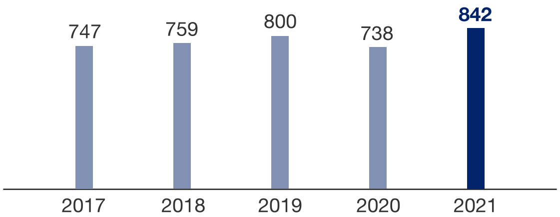
HHLA's container terminals link ships, rail networks and trucks to create an efficient transport chain. The terminals in Hamburg form the most important European hub between Asia and Central/Eastern Europe. HHLA also operates a container terminal in Odessa in Ukraine, Tallinn in Estonia and Trieste in Italy.

Key figures

in € million	2021	2020	Change
Revenue	841.9	737.5	14.2 %
EBITDA	256.9	160.4	60.2 %
EBITDA margin in %	30.5	21.7	8.8 PP
EBIT	155.6	65.4	137.8 %
EBIT margin in %	18.5	8.9	9.6 PP
Container throughput in thousand TEU	6,943	6,776	2.5 %

Revenue

in € million



Intermodal

€ 519.4 million Revenue

35 % Share of revenue

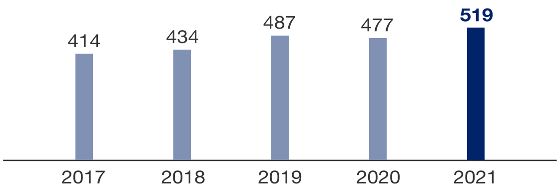
HHLA's rail companies operate a comprehensive transport and terminal network for container transportation and connect ports on the North and Baltic seas, as well as the northern Adriatic, with their hinterland. Transshipments by truck within the Port of Hamburg round off the service portfolio.

Key figures

in € million	2021	2020	Change
Revenue	519.4	476.8	8.9 %
EBITDA	151.1	131.8	14.6 %
EBITDA margin in %	29.1	27.7	1.4 PP
EBIT	104.3	88.3	18.2 %
EBIT margin in %	20.1	18.5	1.6 PP
Container transport in thousand TEU	1,690	1,536	10.0 %

Revenue

in € million



Logistics

€ 71.3 million
Revenue

5 %
Share of revenue

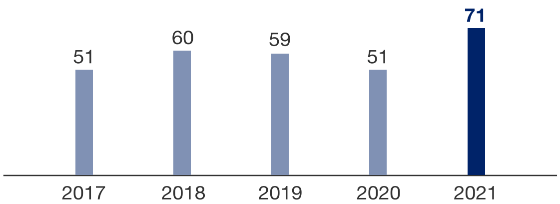
In this segment, HHLA pools a wide range of port-related services such as dry bulk, vehicle and fruit logistics. Business activities in process automation, additive manufacturing or air-based logistics services complement the range of services. HHLA also markets its expertise in infrastructure and project development internationally.

Key figures

in € million	2021	2020	Change
Revenue	71.3	51.4	38.8 %
EBITDA	9.3	6.9	34.1 %
EBITDA margin in %	13.0	13.4	- 0.4 PP
EBIT	- 3.0	- 3.9	pos.
EBIT margin in %	- 4.2	- 7.5	pos.
At-equity earnings	3.9	3.4	13.7 %

Revenue

in € million



Real Estate

€ 38.1 million
Revenue

2 %
Share of revenue

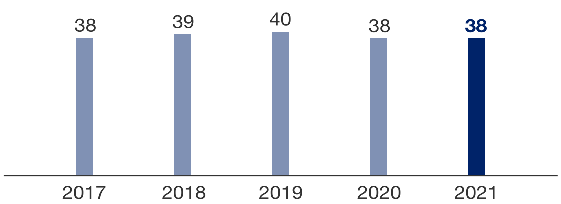
With the long-term development of the landmarked Speicherstadt historical warehouse district as well as the Hamburg Fish Market on the banks of the River Elbe in Altona, HHLA is committed to a site development that is in line with the market and geared towards sustainability.

Key figures

in € million	2021	2020	Change
Revenue	38.1	38.1	- 0.0 %
EBITDA	22.6	20.0	13.3 %
EBITDA margin in %	59.4	52.4	7.0 PP
EBIT	15.3	12.9	18.5 %
EBIT margin in %	40.0	33.9	6.1 PP

Revenue

in € million



Key figures

in € million	HHLA Group 2021	2020	Change
Revenue and earnings			
Revenue	1,465.4	1,299.8	12.7 %
EBITDA	406.7	289.4	40.5 %
EBITDA margin in %	27.8	22.3	5.5 pp
EBIT	228.2	123.6	84.7 %
EBIT margin in %	15.6	9.5	6.1 pp
Profit after tax	132.9	74.1	79.3 %
Profit after tax and minority interests	112.3	42.6	163.9 %
Cash flow statement and investments			
Cash flow from operating activities	315.9	291.2	8.5 %
Investments	231.6	196.3	18.0 %
Performance data			
Container throughput in thousand TEU	6,943	6,776	2.5 %
Container transport in thousand TEU	1,690	1,536	10.0 %

in € million	31.12.2021	31.12.2020	Change
Balance sheet			
Balance sheet total	2,801.9	2,591.1	8.1 %
Equity	705.2	567.0	24.4 %
Equity ratio in %	25.2	21.9	3.3 pp
Employees			
Number of employees	6,444	6,312	2.1 %

	Port Logistics subgroup[1, 2]			Real Estate subgroup[1, 3]		
in € million	2021	2020	Change	2021	2020	Change
Revenue	1,435.8	1,269.3	13.1 %	38.1	38.1	0.0 %
EBITDA	384.1	269.4	42.5 %	22.6	20.0	13.3 %
EBITDA margin in %	26.7	21.2	5.5 pp	59.4	52.4	7.0 pp
EBIT	212.6	110.3	92.7 %	15.3	12.9	18.0 %
EBIT margin in %	14.8	8.7	6.1 pp	40.0	33.9	6.1 pp
Profit after tax and minority interests	103.1	35.3	192.3 %	9.2	7.3	26.4 %
Earnings per share in €[4]	1.43	0.50	192.3 %	3.41	2.70	26.4 %
Dividend per share in €[5]	0.75	0.45	66.7 %	2.10	2.10	0.0 %

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report.hhla.de/annual-report-2021

To our shareholders

Angela Titzrath
Chairwoman of the Executive Board

Ladies and gentlemen,

With the invasion of Ukraine by Russian troops, war has returned to European soil. We wholeheartedly condemn this breach of international law. As the operator of a terminal facility in the port of Odessa, our primary concern is the well-being of our employees. This Black Sea port is an essential supply route for Ukraine. As a result, we are doing all we can to support our staff members there and to resume operations as soon as possible.

> **The invasion of Russian troops into Ukraine has brought war back to European soil. We wholeheartedly condemn this breach of international law.**

As logistics specialists, we are used to dealing with exceptional challenges. Over the past two years, it has been the coronavirus pandemic that has been such a huge challenge for us all. So it is all the more pleasing to be able to close the 2021 financial year so successfully. The Group's revenue and operating result (EBIT) of € 1,465.4 million (+12.7 %) and € 228.2 million (+84.7 %), respectively, were not just significantly higher than in the previous year but even surpassed our most recent full-year guidance of October 2021. This positive development was aided by significantly higher storage fees during the year as a result of persistent disruptions to global supply chains and substantial shipping delays. These, in turn, led to longer container dwell times and additional container movements at HHLA's terminals in Hamburg. Indeed it took an exceptional concerted effort by all employees and the management team to deal with this situation. Key ports in Asia, the Americas and Europe were forced to temporarily suspend operations due to COVID-19 infections, causing massive disruptions to global supply chains. By contrast, the operational stability of HHLA facilities was guaranteed at all times. And we are particularly indebted to the outstanding efforts of our employees for helping us achieve this.

Our strategic focus on growth, sustainability and strengthening our future viability is bearing fruit. During the past financial year, we were once again able to strengthen our competitive standing in Europe. One example of this is our agreement with COSCO SHIPPING Ports Limited (CSPL), a subsidiary of the Chinese shipping company COSCO, regarding a non-controlling interest in the HHLA Container Terminal Tollerort (CTT). The CTT will become a "preferred hub" in Europe, meaning it will be the preferred transhipment point for COSCO. This step is necessary in view of the changes that logistical value chains currently face. All over the world, ports are having to deal with ever larger ships, pressure on prices, the need for greater efficiency and increasingly fierce regional and international competition.

This is why stable customer relationships are more important than ever. More than at any time in the past, the expectations of customers must be met with excellent service quality, a high level of reliability and top-calibre, sustainable products. This is also what we want to deliver at the Port of Trieste, where operations commenced at our new terminal last year. The continuous expansion of our network is a further component in our efforts to meet customer needs with tailored products and services. We are therefore building another hub terminal for our rail subsidiary METRANS in the Hungarian city of Zalaegerszeg. Our European intermodal network comprises 17 of our own and other associated terminals and is an important part of the Silk Road. Our business activities are no longer limited to handling and transporting containers. In line with our strategic fields of activity, we also targeted new growth areas in the 2021 financial year. By launching the HHLA Hydrogen Network project, for example, we are making an active contribution to Germany's nationwide network for the development of hydrogen technology.

Our shareholders will also benefit from the results of the 2021 financial year. Subject to the approval of the Annual General Meeting on 16 June 2022, we will distribute a dividend of € 0.75 per class A share.

The impact of both the war in Ukraine and the pandemic will continue to challenge us in the 2022 financial year. Despite this, we can assure you – our shareholders – as well as our customers, consumers and companies that HHLA can be relied on, even in difficult times.

Yours,

Angela Titzrath
Chairwoman of the Executive Board

Members of the Executive Board

Torben Seebold

Chief Human Resources Officer

Human resources
Purchasing and materials management
Health and safety in the workplace
Legal and insurance (including compliance)

Jens Hansen

Chief Operating Officer

Container operations
Container engineering
Information systems

Angela Titzrath

Chairwoman of the Exektuive Board

Container sales
Intermodal segment
Logistics segment
Corporate development
Corporate communications
Sustainability

Dr. Roland Lappin

Chief Financial Officer

Finance and controlling (including organisation)
Investor relations
Internal audit
Real Estate segment

Dear shareholders,

In the 2021 financial year, the Supervisory Board dutifully fulfilled the responsibilities entrusted to it by law, the company's articles of association and rules of procedure, and the German Corporate Governance Code (GCGC) with the necessary diligence. We continuously monitored the Executive Board's management of business, provided advice on the company's further strategic development as well as on important individual measures, and concluded that the management of the company and its risk management process is lawful, proper and appropriate.

Cooperation with the Executive Board

The Supervisory Board was involved in all decisions of major significance for the company. The Executive Board provided us with regular, prompt and comprehensive information on all major developments, especially the situation of the company and the Group, corporate planning, fundamental issues of company policy and strategy, investment plans and personnel. All measures for which the approval of the Supervisory Board or one of its committees was required by law, the articles of association or the Executive Board's rules of procedure were submitted on time. After conducting their own examination and discussions with the Executive Board, the Supervisory Board or Supervisory Board committees approved all such measures. As chairman of the Supervisory Board, I was also regularly in touch with the Executive Board, particularly the chairman of the Executive Board, between meetings and was informed about planning and strategy, the current business situation, significant transactions, the risk position, risk management and compliance.

The work of the Supervisory Board

The Supervisory Board held four routine meetings and two special meetings in the 2021 financial year. At routine meetings, we regularly look at the current revenue, earnings and liquidity trend as well as the current business situation of the company and the individual segments, including the risk position, risk management and compliance. During the meetings, the Executive Board informed the Supervisory Board about the economic, financial and strategic position of the company and the Group, the company's strategy, as well as significant developments and events. During the reporting period, we also regularly examined the impact of the Covid-19 pandemic on business operations and the Group's results of operations, net assets and financial position. The other focal points of the meetings during the reporting period can be summarised as follows:

The **financial statements meeting** held on **22 March 2021** focused as scheduled on the auditing and approval of HHLA's Annual Financial Statements, including the individual divisional financial statements for the A and S divisions, the Consolidated Financial Statements including the subgroup financial statements, the Combined Management Report of HHLA and the Group, the Supervisory Board report, the reports on transactions with related parties and on the relationship between the A and S divisions and the separate non-financial report, each for the 2020 financial year, as well as the agenda for the 2021 Annual General Meeting, including the Executive Board's proposal on the appropriation of profit and the candidates proposed for the election of the auditor for the 2021 financial year. As in the previous year, we agreed – not least due to the ongoing Covid-19 pandemic – together with the Executive Board, to propose to the Annual General Meeting on 10 June 2021 the option for Class A shareholders to receive their dividend either in cash or as new Class A shares on a pro rata basis (scrip or stock dividends). Representatives of the auditor were present at the meeting. They reported on the main results of their audit and were available to answer questions. We also used this meeting to discuss in detail the non-controlling interests of COSCO SHIPPING Ports Limited in the Tollerort container terminal, or HHLA Container Terminal Tollerort GmbH, and granted approval for this following our in-depth deliberations. Other topics covered in the meeting included the restructuring of the Container segment, an investment project in the Intermodal business, granting a power of attorney and Executive Board matters.

In our second regular meeting on **28 May 2021**, we discussed the upcoming Annual General Meeting and the preparations for the scrip or stock dividends. Other focal points of the meeting included the stake in the Container Terminal Tollerort held by COSCO SHIPPING Ports Limited, the progress of the restructuring in the Container segment, the conclusion of an addendum to the existing lease with the Hamburg Port Authority AöR as lessor, and a stake in the H2Global foundation as part of HHLA's hydrogen initiatives. Finally, in this meeting we also discussed developments in the market situation and their effects on HHLA, particularly the development of freight rates and pandemic-related disruptions and delays in global supply chains.

In the special meeting held on **2 July 2021**, we primarily discussed the implementation and processing of the scrip or stock dividend.

In addition to discussing the latest business developments, the main agenda items of the regular meeting on **31 August 2021** were the status of the stake in the Container Terminal Tollerort held by COSCO SHIPPING Ports Limited, the progress of the restructuring in the Container segment, and the status of discussions about a potential cooperation with the EUROGATE Group and its partners in the German Bight. We also discussed an investment project to expand the METRANS terminal network in Poland.

In this year's strategy meeting on **27 September 2021**, we primarily discussed the Container segment, particularly the competitive situation in the North Range, the situation for the shipping companies and the strategic aspects of a potential cooperation with the EUROGATE Group and its partners in the German Bight.

At our final regular meeting on **13 December 2021**, we routinely dealt with the budget for 2022, the medium-term planning for 2023 to 2026 for the Group and for the two subgroups, the findings of the risk and opportunity inventory, and the declaration of compliance with the GCGC. As a result of new legal requirements, we made minor adjustments to the Supervisory Board's rules of procedure and the requirement profile for the Supervisory Board. As part of our planning activities and upon the recommendation of the Real Estate Committee, we authorised the Executive Board for the Real Estate subgroup to borrow up to € 75 million. In this meeting, we also approved the expansion of the METRANS terminal network in Poland with the acquisition of an intermodal terminal or its operating company. Finally, we discussed Supervisory Board matters and the remuneration report to be issued for the first time in the 2021 financial year according to the latest stipulations of German stock corporation law.

As a general rule, regular meetings are attended by all members of the Supervisory Board and the members of the Executive Board, although the Supervisory Board also meets regularly without the Executive Board, particularly when Executive Board matters or internal Supervisory Board topics are to be discussed. The auditor's reports also give the Supervisory Board or Audit Committee the opportunity to discuss topics with the auditor without the Executive Board being present. The average attendance at the meetings of the Supervisory Board and its committees in the reporting period was approximately 90.3 %. Please see the end of this report for the individual participation ratios.

No conflicts of interest regarding members of the Executive Board or the Supervisory Board arose in the reporting period. Mr. Rieckhof abstained from voting on the approval of the addendum to the lease with the Hamburg Port Authority AöR as a precaution due to his position as State Secretary of the Hamburg Ministry for Economic and Labour Affairs. The Supervisory Board does not include any former members of the company's Executive Board.

Committee work

The Supervisory Board has set up a total of six committees: the Finance Committee, the Audit Committee, the Real Estate Committee, the Personnel Committee, the Nomination Committee and the Arbitration Committee. Following any committee work, the chairs report to the Supervisory Board about the committees' activities. With the exception of the Nomination Committee, all of the committees include an equal number of shareholder and employee representatives. Corporate management declaration

The **Finance Committee** held four meetings during the 2021 financial year. At each regular meeting, the committee deals with the Group's financial performance and its general financial and earnings position. Furthermore, as in the December meeting, it is also concerned with the preliminary review of the budget for the coming year and relevant medium-term planning. In addition, the Finance Committee is responsible for the preliminary review of major financing, investment and participation plans. In addition to the impact of the Covid-19 pandemic on the company's net assets, financial position and results of operations, the areas of focus during the reporting period were the various investment projects, particularly the stake held by the COSCO Group in HHLA Container Terminal Tollerort GmbH and investment projects by the METRANS Group to expand its terminal network.

The **Audit Committee** held five meetings in the reporting period. Its work regularly focuses on monitoring accounting and overseeing the accounting process and the audit. This includes monitoring the audit, the internal control system, the risk management system, the internal audit system and compliance, along with the compliance management system. The committee oversees the selection of the auditor and the auditor's qualifications, efficiency and independent status, the quality of the audit and the admissibility of any additional services provided by the auditor (known as non-audit services). To do this, the Audit Committee has adopted a catalogue of basic approved non-audit services by type and scope. The Audit Committee also decides on the external review of non-financial declarations and reports. Key issues during the reporting period included, as scheduled, the discussion and audit of HHLA's Annual Report, Consolidated Financial Statements and the Combined Management Report for the 2020 financial year, the 2021 six-monthly financial report and the interim reports for the first and third quarters of 2021, the work performed by Internal Audit, the determination of key issues for the audit of the Annual Report and Consolidated Financial Statements for the 2021 financial year, the findings of the 2021 risk and opportunity inventory, the plans for the 2022 audit and the preparation of the declaration of compliance with the GCGC. The Audit Committee also regularly considered the company's liquidity situation during the reporting period with regard to the effects of the Covid-19 pandemic. HHLA's compliance officer also regularly attends the meetings of the Audit Committee, where he speaks about his role and keeps the committee abreast of current developments. Other participants, such as representatives of the auditor or Internal Audit, attend meetings as necessary. The chairperson of the committee is also regularly in touch with the auditor and the chief financial officer between meetings.

The **Real Estate Committee** held two meetings in the reporting period. It focused on the general development of business and the discussion and audit of HHLA's Annual Financial Statements including the separate financial statements of the S division, the Consolidated Financial Statements and the Combined Management Report for the 2020 financial year (March meeting). The committee also dealt with the budget for the 2022 financial year and medium-term planning for 2023 to 2026 (December meeting). In each case, its deliberations related to the Real Estate subgroup (S division). In this context, the Real Estate Committee also recommended that the Supervisory Board approve an authorisation for the Real Estate subgroup to borrow up to € 75 million.

The **Personnel Committee** held two meetings in the reporting period. In addition to preparing for the upcoming staffing decisions – notably, the extension of Mr. Seebold's mandate – the Personnel Committee focused during the reporting period – in line with the legal requirements and recommendations of the GCGC – on the long-term succession planning of the Executive Board and the remuneration system for the Executive Board and Supervisory Board, as well as the remuneration report to be issued for the first time in the 2021 financial year according to the latest stipulations of German stock corporation law.

The **Nomination Committee** convened twice in the 2021 financial year to prepare for the election of new shareholder representatives to the Supervisory Board at the Annual General Meeting in June 2022.

As in previous years, there was no cause for the **Arbitration Committee** to meet during the reporting period.

Corporate governance

The declaration of compliance with the GCGC in accordance with Section 161 of the German Stock Corporation Act (AktG) was prepared together with the Executive Board at the **Audit Committee** meeting on **8 November 2021** and adopted by the Supervisory Board at its **meeting on 13 December 2021**. The current declaration of compliance and further information about corporate governance can be found in the declaration on corporate governance in the Management Report. Corporate management declaration

The current declaration and the declarations relating to previous years can also be viewed on HHLA's website at www.hhla.de/corporategovernance.

Training and professional development

HHLA supports the members of the Supervisory Board upon their appointment and in terms of training and professional development. When taking up a post, candidates are generally trained in the work of the Supervisory Board, its tasks and the rights and obligations of its members. If required, further introductions or training sessions are provided to cover HHLA's business activities or other relevant topics. During the course of its work, the Supervisory Board is kept informed of relevant topics such as new legal requirements or accounting standards. During the reporting period, this primarily affected the new legal requirements resulting from the implementation of the Act

Individual attendance at meetings of the members of the Supervisory Board in 2021

	Supervisory Board	Finance Committee	Audit Committee	Real Estate Committee	Personnel Committee	Nomination Committee	Total
Prof. Dr. Rüdiger Grube	6 / 6	–	–	–	2 / 2	2 / 2	100 %
Berthold Bose	6 / 6	–	–	–	2 / 2	–	100 %
Dr. Norbert Kloppenburg	5 / 6	4 / 4	5 / 5	–	–	–	93 %
Thomas Lütje	4 / 6	–	–	1 / 2	–	–	63 %
Thomas Mendrzik	6 / 6	2 / 4	4 / 5	1 / 2	2 / 2	–	79 %
Dr. Isabella Niklas	6 / 6	–	5 / 5	2 / 2	–	–	100 %
Norbert Paulsen	5 / 6	4 / 4	5 / 5	2 / 2	2 / 2	–	95 %
Sonja Petersen	5 / 6	3 / 4	4 / 5	–	–	–	80 %
Andreas Rieckhof	6 / 6	–	–	–	2 / 2	2 / 2	100 %
Dr. Sibylle Roggencamp	6 / 6	4 / 4	–	2 / 2	2 / 2	2 / 2	100 %
Prof. Dr. Burkhard Schwenker	6 / 6	4 / 4	3 / 5	1 / 2	–	–	82 %
Maya Schwiegershausen-Güth	6 / 6	–	–	–	–	–	100 %

to Strengthen the Integrity of Financial Markets (FISG) and the German law to supplement and amend legislation on the equal participation of men and women in executive positions in the public and private sectors (known as the FüPOG II Act).

Audit of financial statements

In line with the Audit Committee's recommendation and the Supervisory Board's nomination, the Annual General Meeting on 10 June 2021 elected PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Hamburg (PwC), to conduct the audit of the Annual and Consolidated Financial Statements for the 2021 financial year. In line with the legal requirements and the recommendations of the GCGC – especially those relating to the auditor's independence – the Audit Committee then assigned the audit and defined its focus areas. The auditor carried out an audit of HHLA's Annual Financial Statements for the 2021 financial year as provided by the Executive Board, including the divisional financial statements for the A division (Port Logistics subgroup) and the S division (Real Estate subgroup) presented as part of the notes, in line with the provisions of the German Commercial Code (HGB), the Consolidated Financial Statements for the 2021 financial year including the subgroup financial statements for the A and S divisions in accordance with the International Financial Reporting Standards (IFRS) that apply in the European Union and the additional requirements of German commercial law pursuant to Section 315e HGB, and the Combined Management Report for HHLA and the Group for the 2021 financial year. The auditor issued an unqualified opinion with respect to each of the foregoing. The auditor also audited the report prepared by the Executive Board of HHLA on company transactions with related parties for the 2021 financial year in line with Section 312 AktG, delivered a written report on the audit findings and, having no objections to make, gave the report the following unqualified opinion:

"On the basis of our audit and in our professional opinion we confirm that (1) the factual statements in the report are correct, (2) the consideration paid by the company for the transactions mentioned in the report was not inappropriately high, and (3) the measures detailed in the report give us no grounds to reach a substantially different opinion to that of the Executive Board."

The auditor also audited the report prepared by the Executive Board in line with Article 4 (5) of the articles of association applied analogously to Section 312 AktG on the relationship between the A and the S divisions for the 2021 financial year, delivered a written report on the audit findings and, having no objections to make, gave the report the following unqualified opinion:

"On the basis of our audit and in our professional opinion we confirm that (1) the factual statements in the report are correct, (2) the consideration paid by the company for the transactions mentioned in the report was not inappropriately high."

Also, as in previous years, the auditor reviewed the combined separate non-financial report in line with Section 289b et seqq. and Section 315b et seq. HGB to achieve a limited degree of certainty, reported the review findings and issued an unqualified opinion. Finally, the auditor also subjected the remuneration report to be issued for the first time in the 2021 financial year according to the latest stipulations of German stock corporation law to a material audit going beyond the requirements of Section 162 (3) AktG, reported the review findings and issued an unqualified opinion.

Each of the above-mentioned financial statements and reports along with the corresponding audit reports was made available to all members of the Supervisory Board as soon as it had been produced and checked. The documents were subsequently discussed in detail at the meetings of the Audit and Real Estate Committees on 18 March 2022 and at the Supervisory Board's financial statements meeting held on 22 March 2022. Representatives of the auditor took part in the meetings, where they reported on the scope, focal points and key findings of the audit and were available to answer questions. They paid particular attention to the key audit matters described in the certificate along with the audit procedures used and the conclusions regarding the accounting-related internal control and risk management system. Finally, they also reported on the nature and extent of the other services provided by the auditor.

As part of the preliminary review, the Audit and Real Estate Committees closely examined the course of the audit, the auditor's reports and the findings. Once they had completed their examination, they recommended that the Supervisory Board as a whole approve the financial statements and reports. Following a detailed plenary examination of the auditor's reports and findings and the findings of the committees' preliminary review, and based on our own review, we approved the findings of the audit. Following our review, we had no objections to make to the Annual Financial Statements including the divisional financial statements, the Consolidated Financial Statements including the subgroup financial statements, and the Combined Management Report for the 2021 financial year. Accordingly, we approved the Annual Financial Statements, the Consolidated Financial Statements and the Combined Management Report at our **meeting on 22 March 2022**. HHLA's Annual Financial Statements for the 2021 financial year have therefore been adopted. Following our review, we also had no objections to make to the Executive Board's statements on related parties and on the relationship between the A and S divisions or to the combined separate non-financial report.

The Executive Board's proposal for appropriation of the distributable profit was analysed in detail and discussed with the Executive Board at the meetings of the Audit Committee – for the A division – and the Real Estate Committee – for the S division – on 18 March 2022 and at the Supervisory Board's meeting on 22 March 2022. Following our own review, which paid particularly close attention to earning trends, financial planning and shareholders' interests, both we and the Executive Board will propose to the Annual General Meeting that a dividend of € 0.75 per dividend-entitled Class A share and € 2.10 per dividend-entitled Class S share be distributed from distributable profit for the 2021 financial year.

Personnel changes

During the reporting period, the Executive Board extended Mr. Seebold's term of office by five years. Furthermore, Dr Lappin informed us that he will resign from the Executive Board on 31 January 2023. The Supervisory Board then initiated the necessary steps for a replacement. There were no personnel changes in the Supervisory Board during the reporting period. Corporate management declaration

Finally, on behalf of the Supervisory Board, I would like to take this opportunity to thank the members of the Executive Board and our employees for their hard work in the highly challenging 2021 financial year, and our shareholders and business partners for the trust they have placed in us.

Hamburg, Germany, 22 March 2022

The Supervisory Board

Prof. Dr. Rüdiger Grube
Chairman of the Supervisory Board

Members of the Supervisory Board

Prof. Dr. Rüdiger Grube
Chairman of the Supervisory Board
Managing Partner of Rüdiger Grube International Business Leadership GmbH

Berthold Bose
Vice Chairman
Head of ver.di Hamburg

Dr. Norbert Kloppenburg
International investments and financing consultant

Thomas Lütje
Director of Sales at HHLA

Thomas Mendrzik
Technical employee at HHLA Container Terminal Altenwerder GmbH

Dr. Isabella Niklas
Management spokeswoman for HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH

Norbert Paulsen
Chairman of the joint works council and the HHLA Group works council

Sonja Petersen
Clerical employee at CTB

Andreas Rieckhof
State Secretary of the Hamburg Ministry for Economic and Labour Affairs

Dr. Sibylle Roggencamp
Head of the Office for Asset and Investment Management at the Hamburg Ministry of Finance

Prof. Dr. Burkhard Schwenker
Chairman of the Advisory Council of Roland Berger GmbH

Maya Schwiegershausen-Güth
Trade union secretary, ver.di

For current and past members during the reporting period, as well as committee members, please also refer to the Declaration on corporate governance.

The HHLA share

Key figures

in €, class A shares, Xetra	2021	2020
Closing price	20.56	18.44
Performance in %	11.5	- 24.9
Highest price	22.34	24.54
Lowest price	17.80	10.37
Average daily trading volume	63,998	97,331
Dividend per class A share[1]	0.75	0.45
Dividend yield as of 31.12. in %	3.6	2.4
Number of listed class A shares in thousand	72,514.9	71,700.2
Market capitalisation as of 31.12. in € million	1,490.9	1,291.7
Price-earnings-ratio as of 31.12.	14.4	36.9
Earnings per share	1.43	0.50

1 Dividend proposal for 2021

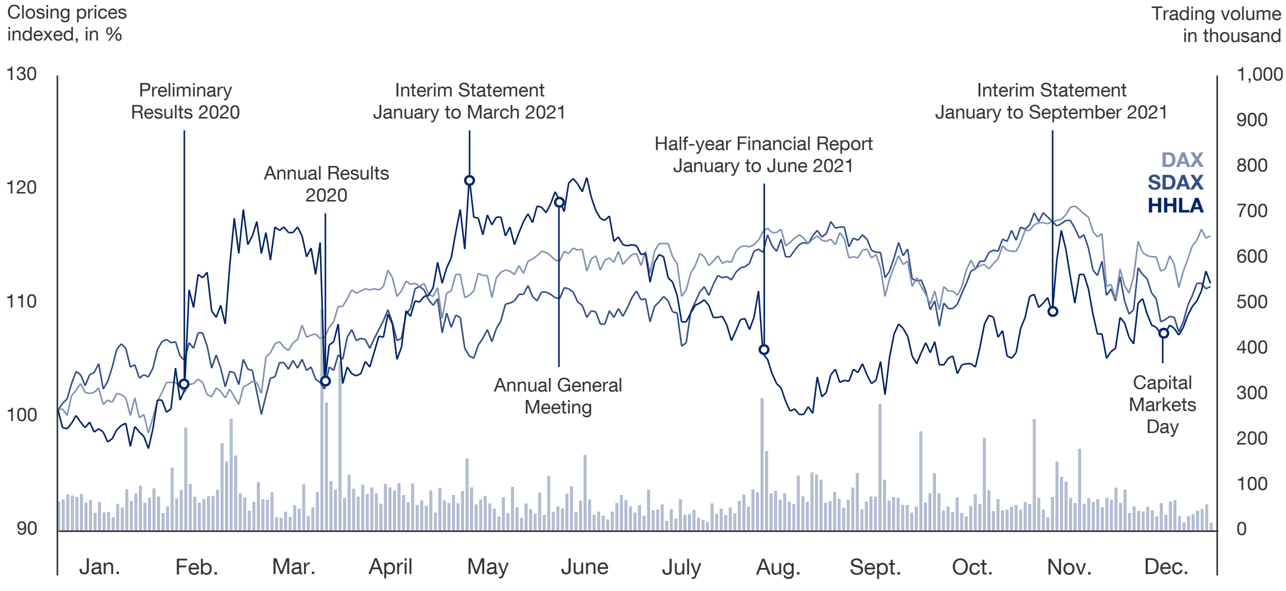
Markets dominated by coronavirus

Despite worries about inflation, scarce resources and supply chain disruption as a result of the coronavirus pandemic, the benchmark indices were largely unperturbed in 2021 and reached new record highs. Buoyed by the roll-out of the coronavirus vaccination campaign in Germany, the DAX started the year by leaping to over 14,000 points. Although discussions about rising inflation and impending coronavirus waves periodically dampened the mood on the capital markets, the DAX continued to climb. During the second quarter, the benchmark index established itself above the 15,000-point mark. The progress of the vaccination campaign and the prospect of economic recovery further bolstered the markets, with the DAX moving from one all-time high to the next. As the European Central Bank (ECB) continued its low interest rate policy, the DAX recorded a new all-time high of 16,251 points in mid-November – despite the return of rising infection rates in the third quarter. News about the new Omicron variant of the virus and the US Fed's initial considerations of a turnaround in its cheap money policy put an end to the market's record highs. On 31 December 2021, the German stock market barometer DAX closed at 15,885 points, up 15.8 % on the previous year. In 2021, the SDAX also recorded double-digit growth of 11.8 % on the previous year, closing at 14,708 points.

HHLA share subject to high degree of volatility

The development of the HHLA share was highly volatile in 2021. Following a year-low of € 17.80 in late January, the capital market responded favourably to preliminary figures for the 2020 financial year in early February. However, the company's cautious business outlook for 2021 on publication of the 2020 figures prompted a decline in the share price in late March. The share price subsequently recovered and gradually climbed to a year-high of € 22.34 in mid-June. The index reform and new criteria introduced by Deutsche Börse AG in early September resulted in HHLA losing its SDAX listing due to insufficient market capitalisation. This led to a slew of sell-offs by index-linked funds, which once again put the share under pressure. Although the share had regained some of this lost ground by the time the nine-month figures were published in mid-November, it was dragged down by the general market gloom at the

Share price development 2021



Source: Datastream

end of the year. On the last trading day of the year, the HHLA share stood at € 20.56 and was thus 11.5 % up on the previous year's closing figure.

Basic data HHLA class A share

Type of shares	No-par-value registered shares
ISIN / SIC	DE000A0S8488 / A0S848
Symbol	HHFA
Stock exchanges (officially registered)	Frankfurt am Main, Hamburg
Segment	Prime Standard
Sector	Transport & Logistics
Index affiliation	Prime All Share
Bloomberg / Reuters	HHFA:GR / HHFGn.de

HHLA leaves the SDAX

Following the implementation of the DAX reform by Deutsche Börse AG, the calculation of index rankings also changed as of September 2021. Ranking is now based solely on the market capitalisation of a company's free float. This means that only 31 % of the class A shares are used to calculate HHLA's market capitalisation. As a consequence, the HHLA share was dropped from the SDAX on 3 September following a regular review of the index by Deutsche Börse. The HHLA share had performed worse than others in the SDAX, particularly in the third quarter, and fallen to 166th in the market capitalisation rankings as of the chaining date, thus placing it outside the SDAX corridor. This does not affect HHLA's reporting requirements to Deutsche Börse and its shareholders.

Virtual Annual General Meeting

The Annual General Meeting was once again held as a virtual event on 10 June 2021. The shareholders formally approved the actions of HHLA's Executive Board and Supervisory Board for the 2020 financial year. The proposal of the Supervisory Board and Executive Board to issue a dividend of € 0.45 per listed class A share (previous year: € 0.70) was also approved. The shareholders also once again supported the proposal for a scrip dividend, which gives shareholders the option of receiving their dividend in cash or in shares. HHLA distributed dividends to its class A shareholders totalling € 32.3 million (previous year: € 49.0 million). When determining the amount, the result was adjusted to account for the change in restructuring provisions of € 43 million as recognised in profit or loss. The dividend payout ratio was therefore at the lower end of the dividend payout range of 50 to 70 % of the annual net profit after minority interests. Due to the subscription period, the dividend was paid into shareholders' security accounts on 6 July 2021 – either in cash or in shares. A total of 75 % of shareholders opted to have their dividend paid out in the form of shares. The subscription price was € 20.992. Based on its closing price of € 21.94 on the day of the Annual General Meeting, the HHLA share achieved a dividend yield of 2.1 %.

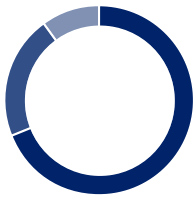
Shareholder base still widely spread

HHLA's shareholder base remained largely stable in 2021. In terms of the listed class A shares, the Free and Hanseatic City of Hamburg remained the company's largest shareholder with an increased stake of 69.2 % (previously: 69.0 %).

As of 31 December 2021, the free float portion amounted to 30.8 % (previous year: 31.0 %). According to the voting rights notifications submitted to HHLA at the end of 2021, no single investor held more than 3 % of the remaining free float shares at this time. Among daily traded shares, ownership remained almost unchanged as of the reporting date. Institutional investors continued to hold the majority of free float shares, accounting for 21.1 % of all shares (previous year: 21.4 %). The proportion of 9.6 % of nominal capital held by private investors remained largely unchagend.

Shareholder structure

as of 31.12.2021



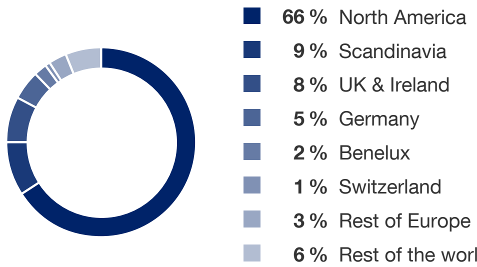
69 % Free and Hanseatic City of Hamburg
21 % Institutional investors
10 % Private investors

Dialogue with capital market maintained

Rapid reaction times and an open dialogue with financial analysts and investors played an even more significant role in HHLA's investor relations activities in 2021, given the volatile industry environment. In order to serve the needs of both institutional and private investors, HHLA used a wide range of digital formats to maintain its dialogue with investors during the coronavirus pandemic. On 14 December, the Executive Board and IR also attended the third Capital Markets Day, which was held as a virtual event as a result of pandemic-related restrictions. Around 30 analysts and institutional investors used this opportunity to find out more about the company's performance, the progress of its efficiency programme and its medium-term goals. Furthermore, the Executive Board provided details on business developments during quarterly conference calls. HHLA also provides a variety of digital channels, including its website, the HTML Annual Report and a dedicated investor portal, to inform potential and current investors about the HHLA share performance.

Regional distribution of institutional investors

as of 31.12.2021



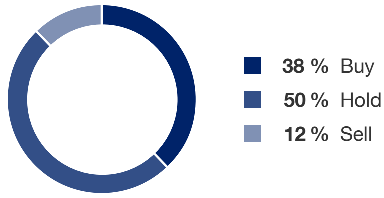
With its proactive approach to communications, the Investor Relations department maintains a close dialogue with shareholders and potential investors. In addition to informing interested members of the public, the team also flags up issues of particular relevance to investors within the company. In 2021, investors focused on the consequences of the coronavirus pandemic, e.g. the disruption to global supply chains and its impact on the utilisation of terminals, the efficiency programme in the Container segment and the handling of planned investments. Other key topics for the capital market were the final work on dredging the river Elbe – a crucial project for HHLA – and ongoing discussions with regard to a partnership between the north German ports of the German Bight.

HHLA share still of interest for analysts

The number of financial analysts covering HHLA's business development and issuing research reports and recommendations fell slightly to eight in the course of the year. As of the reporting date, three analysts recommended buying the share. They emphasised in particular the above-average growth of the Intermodal business and the potential volume growth from the completed dredging of the river Elbe, as well as the long-term increase in profitability of the Container segment. Those analysts who recommended holding or selling the share primarily see risks from low cost flexibility and increasingly fierce competition among the North Range ports. Analyst sentiment was also partly tempered by the growing market power of the shipping companies. HHLA attaches great importance to broad and well-informed coverage of its share by financial analysts, as this gives interested investors the opportunity to familiarise themselves with HHLA's business model and environment on the basis of independent analyses. The Executive Board and Investor Relations therefore remain in close contact with all financial analysts in order to ensure a broad set of opinions.

Recommendations by financial analysts

as of 31.12.2021



Sustainability reporting and ratings

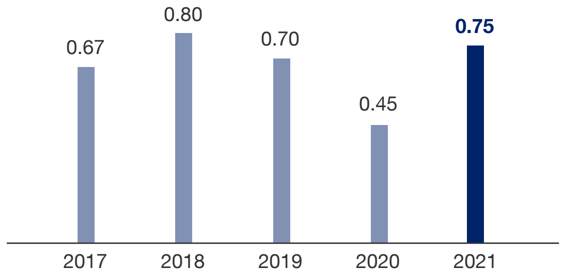
In addition to classic financial aspects, non-financial or ESG (Environmental, Social, Governance) figures play an increasingly important role in evaluating companies on the capital market. As a responsible company, HHLA has been reporting extensively on its non-financial performance since 2011. In doing so, HHLA goes beyond the legally required disclosures of the non-financial report and issues a separate sustainability report, applying the internationally recognised reporting standards of the Global Reporting Initiative (GRI). HHLA also champions the 17 Sustainable Development Goals (SDGs) adopted by the United Nations. Based on this information, HHLA's sustainability credentials are regularly evaluated by ESG ratings agencies, such as MSCI, ISS-oekom, S&P Global Ratings ESG, Gaia and the Carbon Disclosure Project (CDP). HHLA showed marked improvements in its CDP rating for the 2020 financial year, leaping up the ratings from 'D' to 'B'. Sustainability

Dividend proposal for 2021

At the Annual General Meeting on 16 June 2022, the Executive Board and Supervisory Board will propose a dividend of € 0.75 per dividend-entitled class A share. A total of € 54.4 million would therefore be distributed (previous year: € 32.3 million). HHLA therefore continues to pursue its dividend policy of distributing between 50 and 70 %, where possible, of the Port Logistics subgroup's relevant net profit for the year to its shareholders.

Dividend per listed class A share

in €



2021: Dividend proposal

Combined management report

The combined management report (hereinafter: management report) covers the course of business at the HHLA Group and Hamburger Hafen und Logistik Aktiengesellschaft (HHLA).

Group overview

HHLA

Holding/Other

- Strategic corporate development
- Functional management of the Container segment
- Management of resources and processes
- Provision of shared services

- Floating crane operations
- Letting of port-related real estate

Port Logistics
subgroup
Listed class A shares

Container
segment

- Container terminal operations
- Container handling
- Container transfer between modes of transport (ship, rail, truck)
- Container-related services (e.g. storage, maintenance, repair)

Intermodal
segment

- Container transport via rail and truck in the seaports' hinterland
- Loading and unloading of carriers
- Operation of inland terminals

Logistics
segment

- Specialist handling of dry bulk, general cargo, vehicles, fruit, etc.
- Business activities for process automation, additive manufacturing, airborne logistics services, etc.
- Consulting and training

Real Estate
subgroup
Non-listed class S shares

Real Estate
segment

- Management of real estate in Hamburg's Speicherstadt historical warehouse district and fish market area
- District/project development
- Tenancy
- Facility management

Shareholder structure
Share capital: total of 75,219,438 no-par-value registered shares

of which 72,514,938 class A shares
– listed –

31 % | 69 %

of which 2,704,500 class S shares
– non-listed –

100 %

Free float
22,299,602 class A shares

Free and Hanseatic City of Hamburg
Shareholding: 50,215,336 class A shares + 2,704,500 class S shares

Group structure

Hamburger Hafen und Logistik AG (HHLA) is one of Europe's leading port and logistics companies. The Group is operated as a **strategic management holding company** divided into two subgroups, Port Logistics and Real Estate. The class A shares, which are listed on the stock exchange, relate to the **Port Logistics subgroup** and entitle shareholders to participate in the result and net assets of these operations. The **Real Estate subgroup** includes those HHLA properties that are not specific to port handling. The performance and economic result of the Real Estate subgroup, which also follows urban development objectives, are represented by the class S shares. These shares are not traded on the stock exchange and are held solely by the Free and Hanseatic City of Hamburg (FHH). In the unlikely and unprecedented event of the Real Estate subgroup reporting a loss, this would be indirectly transferred to the Free and Hanseatic City of Hamburg in line with a separate agreement to assume losses.

The HHLA Group's operations are conducted by 35 domestic and 23 foreign **subsidiaries and associated firms**. In the 2021 financial year, HHLA increased its group of consolidated companies for the purpose of extending its Intermodal network and expanding its digital business operations and process automation, and by acquiring another container terminal. Notes to the consolidated financial statements, no. 3 Composition of the Group No other significant legal or organisational changes were made.

Operating activities

As an integrated provider of container handling, transport and logistics services, the **Port Logistics subgroup** offers services along the logistics chain between international ports and their European hinterland. The geographical focus of its operating activities is on the Port of Hamburg and its hinterland. The Port of Hamburg is an international hub for container transport by sea and land, with an optimal link to the economies of Central and Eastern Europe, Scandinavia and the Baltic region. The company's core lines of business are represented by the Container, Intermodal and Logistics segments.

The **Container segment** pools the Group's container handling operations and is the largest business unit in terms of revenue. Its activities consist primarily of handling container ships (loading and discharging containers) and transhipping containers to other carriers (rail, truck, feeder ship or barge). HHLA operates three container terminals in Hamburg – Altenwerder (CTA), Burchardkai (CTB) and Tollerort (CTT) – and further container terminals in Odessa, Ukraine (CTO), Tallinn, Estonia (TK Estonia) and Trieste, Italy (PLT). The portfolio is rounded off by supplementary container services, such as maintenance and repairs.

The **Intermodal segment** is the second largest of HHLA's segments in terms of earnings. As a further key element of HHLA's business model, which is vertically integrated along the transport chain, the segment provides a comprehensive rail and road network for seaport-hinterland traffic and, increasingly, continental traffic. HHLA's METRANS rail companies operate regular direct connections between the ports on the North and Baltic seas and between the Northern Adriatic and its hinterland, as well as inland terminals to provide a comprehensive range of services for maritime logistics. In addition to transhipment services at the Port of Hamburg, the trucking subsidiary CTD transports containers by road, both locally and over long-haul distances within Europe.

The **Logistics segment** encompasses a wide range of services in the field of specialist handling, consulting and other business activities. Its service portfolio comprises both stand-alone and entire process chains for the international procurement and distribution of merchandise, including the operation of handling facilities for dry bulk, motor vehicles and fruit. The company also provides consulting and management services for clients in the international port and transport industry. Business activities for process automation, additive manufacturing and airborne logistics services complete the portfolio. HHLA provides some of the activities together with partner companies.

The **Holding/Other** division is also part of the Port Logistics subgroup, although it does not constitute a separate segment as defined by the International Financial Reporting Standards (IFRS). The Holding division is responsible for strategic corporate development, the functional management of the Container segment, the central management of resources and processes, and the provision of shared services for the operating companies. It also includes the properties specific to HHLA's port handling business and the Group's floating crane operations.

The **Real Estate segment** corresponds to the **Real Estate subgroup**. Its business activities encompass sustainable district/project development, letting and commercial and technical facility management of properties in the Port of Hamburg's peripheral area. These include the Speicherstadt historical warehouse district. The world's largest traditional warehouse quarter is a UNESCO World Heritage Site. In this central location, HHLA offers some 300,000 m^2 of commercial space. Other prime properties totalling approximately 63,000 m^2 are managed by Fischmarkt Hamburg-Altona GmbH in the exclusive fish market area on the river Elbe's northern banks.

Market position

With its listed core business Port Logistics, HHLA competes with other companies on the European market for sea freight services. This market offers long-term growth prospects, as a number of key Central European countries have strengthened their competitiveness in recent years, thereby paving the way for a further increase in foreign trade and consumer spending. Eastern Europe also offers growth potential and stable forecasts. Whether these positive trends materialise depends in part on the resolution of regional and geopolitical conflicts and the development of raw material and energy prices.

In 2021, the coronavirus pandemic continued to impact the economy, manufacturing, trade and in particular global supply chains. This resulted in excess strain on terminal storage areas at all the world's major ports; however, the impact on growth of this congestion was not as strong as originally feared in early 2021. The International Monetary Fund (IMF) expects the global economy to grow by 5.9 % in 2021. Economic environment

Infection rates and supply bottlenecks will continue to hamper macroeconomic activity in 2022, although their impact should gradually lessen as the year progresses. Signs of structural inflation are evident. It remains to be seen when the European Central Bank (ECB) will implement monetary policy measures so that the global effect on further developments can be better assessed. Against this backdrop, the IMF downgraded its outlook for global economic growth in 2022 to 4.4 % in January 2022 (previously: 4.9 %). Business forecast

The market for port services on the **Northern European coast (the North Range)** of relevance for HHLA is characterised by its high concentration of ports. Competition is particularly strong between the four major North Range ports of Hamburg, HHLA's main hub, Bremerhaven, Rotterdam and Antwerp. Other handling sites – such as Wilhelmshaven and Zeebrugge – are considerably smaller in terms of their capacity and/or current freight volume. As a result of handling difficulties at British ports, cargo was temporarily re-routed in 2021 through Rotterdam, Zeebrugge and Wilhelmshaven, resulting in additional throughput growth at these ports.

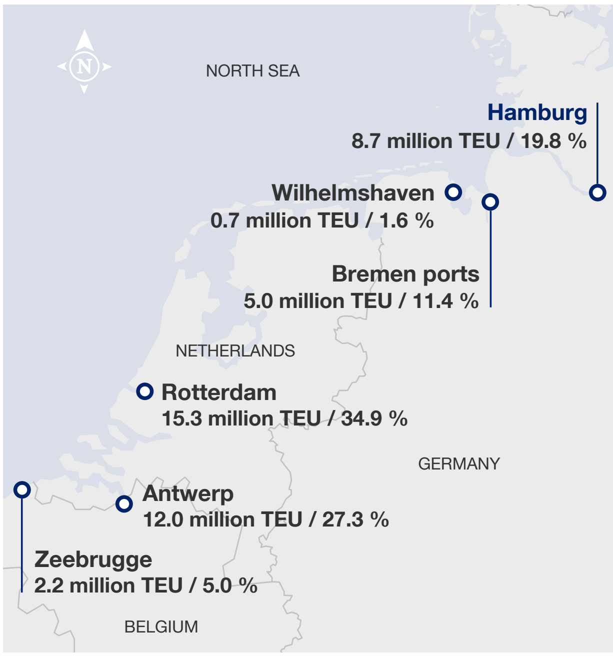
The **Baltic Sea ports** are served by high feeder traffic operating via central distribution points in the North Range. Ports such as Gdansk and Gothenburg, however, are providing more intense competition due to direct calls by ocean-going vessels. Gdansk is exhibiting particularly strong growth and is therefore developing into a serious competitor in this network system. In addition to the Polish ports, the **Adriatic region** with ports such as Koper and Trieste has developed dynamically in recent years. With a majority shareholding in the multi-function terminal "Piattaforma Logistica Trieste" (PLT) in Trieste, HHLA is positioning itself in a growing market that offers good opportunities for development, including the opportunity to actively participate in and help shape new and changing cargo flows. The terminal has its own rail connection. HHLA rail subsidiary METRANS already connects the Port of Trieste with its European intermodal network.

As well as the geographical position and hinterland links of a port, its accessibility from the sea affects the competitive position of terminal operators. Local freight volume in the direct catchment area of each port location plays an important role. Other key **competitive factors** that influence the market position include the reliability and speed of ship handling, as well as the scope and quality of services. Also of increasing importance is the performance of pre- and onward-carriage rail systems serving the hinterland (e.g. frequency, punctuality, pricing) and therefore the range of integrated transport solutions.

Competition remains extremely fierce in Northern Europe and the ports are increasingly influenced by changing shipping company constellations and participations in terminals. The resulting shift towards more geographically flexible feeder traffic is having an impact on handling volumes. By contrast, the market position for handling volumes that are tied to the natural catchment area onshore is largely stable. Here, it is vital to take the shortest route for the disproportionately more expensive land-bound transportation.

Container throughput at the North Range ports

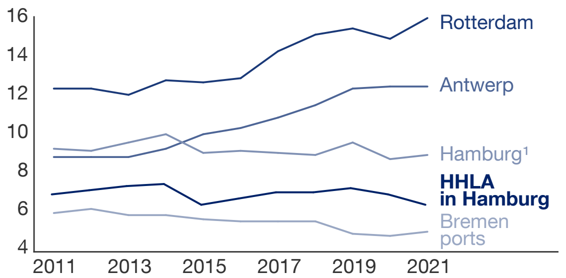
Handling volumes and market shares in 2021



Source: Port Authorities / market shares according to own calculation

Container throughput at the largest North Range ports

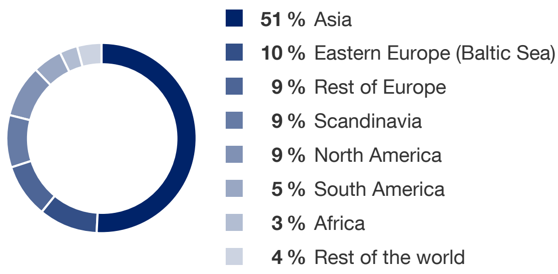
in million TEU



1 Incl. HHLA / Source: Port Authorities

Container throughput by shipping region

in the Port of Hamburg, 2021



Source: Hamburg Hafen Marketing e.V.

The **Container segment** benefits from the Port of Hamburg's position as the most easterly North Sea port, which makes it the ideal hub for the entire Baltic region and for hinterland traffic to and from Central and Eastern Europe. Furthermore, the long-standing trading relationships between the Port of Hamburg and the Asian markets are advancing Hamburg's role as an important European container hub.

With a container throughput of 8.7 million TEU, Hamburg is expected to rank 19th among ports worldwide in 2021 and thus continues to be the third-largest European container port after Rotterdam and Antwerp. In Hamburg, HHLA remained the largest container handling company with a throughput volume of 6.5 million TEU in 2021 and was able to expand HHLA's market share of throughput in the Port of Hamburg to 74.5 % (previous year: 74.2 %). The Far East, North America, Scandinavia and the Baltic region were the most important shipping regions.

In the **Intermodal segment**, HHLA primarily utilises the advantages of the Port of Hamburg's rail infrastructure – Europe's most important rail traffic hub handling 2.8 million TEU a year. HHLA's intermodal network also comprises further ports along the North Sea and Baltic Sea coasts as well as the Northern Adriatic and, increasingly, continental traffic. The companies that transport containers by train compete with a variety of other rail operators and intermodal transport firms in Germany and abroad, but also with other carriers such as trucks and barges or feeder ships. As the rail infrastructure is for the most part publicly owned, various national authorities guard against discrimination in both access and usage fees. In addition to the density of the available network, key competitive factors include the frequency of departures, opportunities for freight pooling and storage in the hinterland, the geographical distance to destinations, punctuality and infrastructural capacity. The importance of these factors is growing as ports compete with one another.

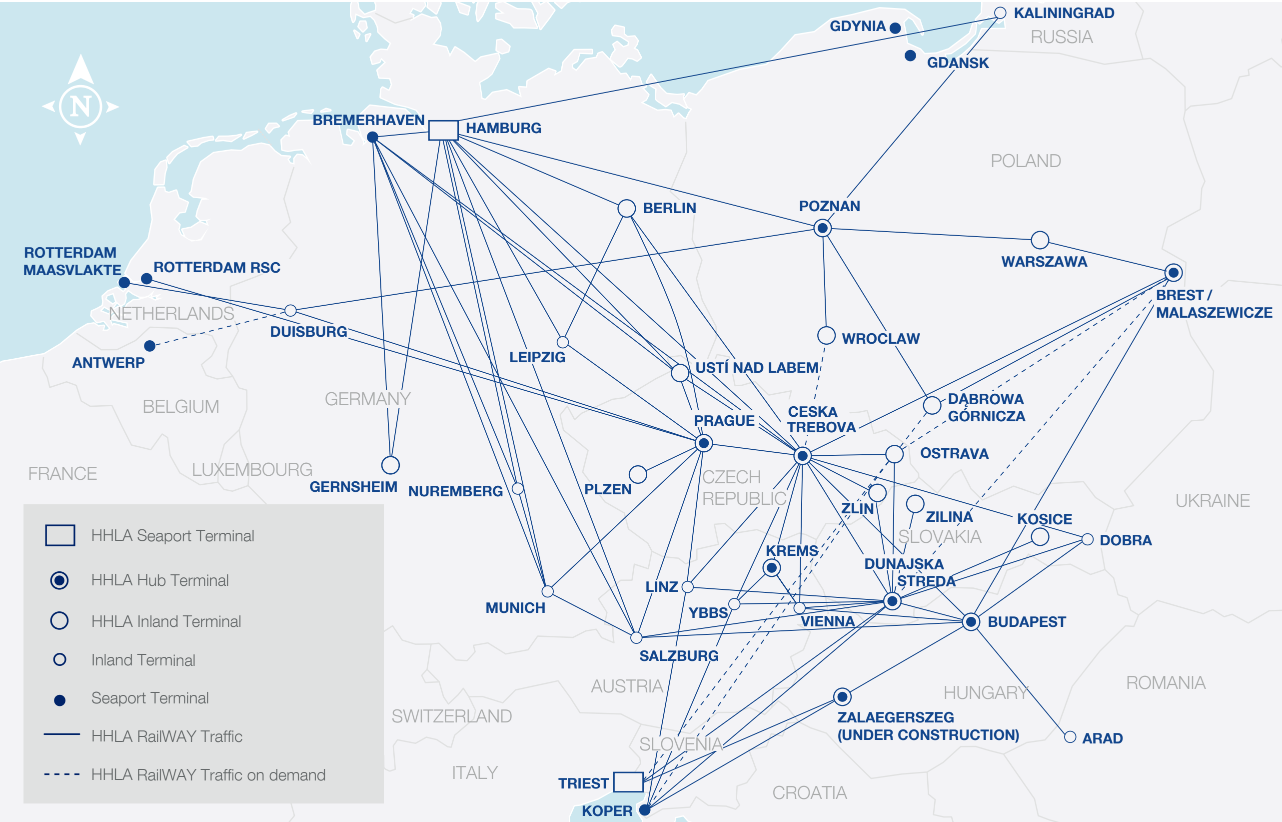
HHLA operates proprietary inland terminals in Central and Eastern Europe along with its own container wagons and traction fleet (locomotives). All of these factors play a major role in the company's service offering. This is necessary to enable it to run direct trains with frequent and highly punctual departures. HHLA occupies relevant market positions in the majority of the regions it serves in the field of intermodal transport. HHLA has a sound market position in the Hamburg Metropolitan Region in the delivery and collection of containers by truck.

The **Logistics segment** serves various market sectors, some of them heavily specialised. With its multi-function terminal, HHLA is the leading provider of specialist handling services in Hamburg. Via Hansaport, HHLA has a stake in Germany's biggest seaport terminal for handling iron ore and coal. HHLA also provides fruit handling services for Northern Europe with its Frucht- und Kühl-Zentrum. In the field of consultancy, work is conducted on pioneering development projects around the world. Business activities for process automation, additive manufacturing and airborne logistics services complete the portfolio.

With a population of approximately 1.9 million and its significance as an economic centre, Hamburg is one of the largest property markets in Germany for the **Real Estate segment**. What makes the portfolio particularly attractive are its unique buildings and favourable locations in Hamburg's Speicherstadt historical warehouse district and on the northern banks of the river Elbe/fish market area. The company has built up a wealth of development and implementation expertise dedicated to finding the right balance between market-based tenant demands and the careful handling of its landmarked buildings with world heritage status. The properties compete with German and international investors marketing high-quality properties in comparable locations.

Intermodal network of HHLA

Selected connections



Customer structure and sales

The customer base in the Container and Intermodal segments consists mainly of shipping companies and freight forwarders. The services provided in the Logistics segment are aimed at various customer groups, ranging from steel companies and power plants (in the field of bulk cargo handling) to international operators of ports and other logistics centres (in the field of port consulting). The Real Estate segment lets its office space and commercial premises to German and international customers from a variety of sectors, ranging from logistics and trading companies to media, consulting and advertising agencies, fashion labels, hotels and restaurants, companies from the creative sector and start-ups.

Globally operating container shipping companies account for the largest share of HHLA's revenue. In ship handling, HHLA's container terminals work with shipping companies on a neutral basis (multi-user principle) and offer a wide range of high-quality services. The **HHLA customer base** remains in a state of flux due to consolidation in the container shipping segment in recent years and regular changes to the network. In the past two years, however, there have been no further mergers or acquisitions among the top ten container shipping companies.

In September 2021, COSCO SHIPPING Ports Limited (CSPL) and HHLA agreed on a non-controlling interest in the HHLA Container Terminal Tollerort (CTT). As a result, CTT will become a "preferred hub" for COSCO SHIPPING Lines in Europe. The approval of the relevant federal authorities was still pending as of the end of 2021.

Top 10 shipping companies

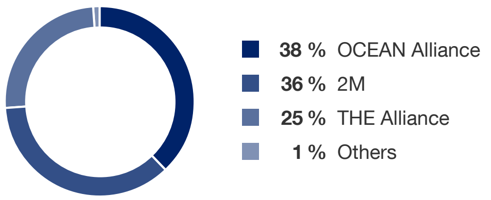
by carrying capacity in thousand TEU as of 31.12.2021

Shipping company	Alliance 2021	2021
1. APM-Maersk	2M	4,281
2. MSC	2M	4,277
3. CMA CGM Group	OCEAN Alliance	3,168
4. COSCO Group (inkl. OOCL)	OCEAN Alliance	2,934
5. Hapag-Lloyd	THE Alliance	1,751
6. ONE (MOL, NYK, K Line)	THE Alliance	1,542
7. Evergreen	OCEAN Alliance	1,478
8. HMM	THE Alliance	820
9. Yang Ming	THE Alliance	662
10. Wan Hai Lines		420

Source: Alphaliner Monthly Monitor, January 2022

Capacity breakdown by shipping line alliance

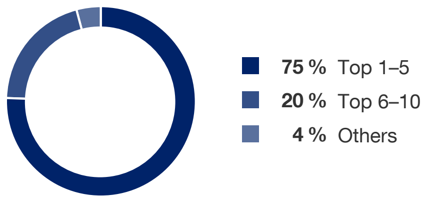
Weekly Far East–Europe services



Source: Alphaliner Monthly Monitor, January 2022

Revenue distribution by customer

of the container terminals at the main hub of Hamburg in 2021



In the reporting year, HHLA's customer base included nine of the world's top ten container shipping companies. HHLA therefore considers itself well placed to also meet the future requirements of its clients in the shipping sector. Business forecast

The major shipping line alliances formed in 2017 – 2M, OCEAN Alliance and THE Alliance – remain in place. The OCEAN Alliance contract runs until 2027, whereas the contractual partnership of THE Alliance runs until 2030. In April 2020, HMM officially became the fourth full member of THE Alliance.

New orders of container ships continued to increase in the reporting year, although not exclusively in the over 18,000-TEU category. Activity also increased in the 12,500-TEU to 18,000-TEU category, as well as in the feeder ship category. Many of these ships were ordered with hybrid propulsion systems and will be delivered in 2023/2024.

Sales activities in the Container segment are organised by means of key account management. In the Intermodal and Logistics segments, sales are generally managed locally by the individual companies. As far as possible, all activities follow the strategic approach of vertical integration, i.e. offering comprehensive transport and logistics services from a single source. The Real Estate segment's sales team offers potential clients and tenants a wide range of services for properties in its two main districts – Hamburg's Speicherstadt historical warehouse district and the northern banks of the river Elbe/fish market area – as well as for logistics properties in the Port of Hamburg.

The revenue share attributable to HHLA's five most important customers of its Hamburg container terminals changed only marginally in the 2021 financial year to 75.3 % (previous year: 75.5 %). The revenue share attributable to the ten most important customers of the Hamburg terminals fell slightly to 95.7 % (previous year: 97.7 %). HHLA has maintained commercial relationships with the majority of its most important customers for well over two decades. HHLA concludes framework contracts with its shipping customers that set out both the scope and remuneration of services. As the usage volume for these services is not fixed, there is no order backlog in the traditional sense for the specific services provided by HHLA.

Legal framework

In its business operations, HHLA is subject to numerous German and foreign statutory provisions and regulations such as public law, trade, customs, labour, capital market and competition regulations. Its pricing is determined by the market and is, as a matter of principle, not regulated.

The regulatory environment for HHLA's commercial activities in and around the Port of Hamburg is largely determined by the Hamburg Port Development Act (Hamburgisches Hafenentwicklungsgesetz – HafenEG). HafenEG's objectives are to maintain the Port of Hamburg's competitiveness as an international all-purpose port, to safeguard freight volumes and to use the public infrastructure as efficiently as possible. To this end, the Port of Hamburg employs a “landlord model”, by which the Hamburg Port Authority (HPA) owns the port areas and is responsible for building, developing and maintaining the infrastructure, while the privately owned port operators are responsible for the development and maintenance of the suprastructure (buildings and facilities). HHLA has concluded long-term lease agreements with HPA for those port areas of importance for its business operations. Lease agreements are largely based on HPA's general terms and conditions for port-related real estate.

For the construction, operation, expansion and alteration of its handling facilities, HHLA is reliant on the issuance and continued existence of authorisations under public law, especially authorisations in accordance with the German Federal Emissions Control Act (Bundesimmissionsschutzgesetz – BImSchG), the applicable local building regulations, water and waterways laws, as well as any necessary planning permissions. HHLA's affiliated companies are subject to a number of strict regulatory requirements, especially regulations concerning the handling, storage and transport of environmentally harmful substances and hazardous goods, as well as rules concerning technical safety, health and safety in the workplace and environmental protection.

The security requirements at ports are mainly set out in the International Ship and Port Facility Security Code (ISPS Code), which, in the area of the Port of Hamburg, is implemented and specified by the German Port Security Act (Hafensicherheitsgesetz – HafenSG). Pursuant to the aforementioned legislation, the operators of port facilities – and thus also HHLA – are required to observe strict access control requirements and numerous other measures for averting danger.

The regulatory environment for business activities in the Intermodal segment is largely determined by the EU directive establishing a single European railway area (Directive 2012/34/EU) and the national implementing legislation. In particular, these include regulations governing the licensing of rail companies, the use of railway infrastructure, the associated fees as well as rail operation. The main legislation in Germany is the General Railways Act (Allgemeines Eisenbahngesetz – AEG), which sets out the requirements for rail operation, and the Railway Regulation Act (Eisenbahnregulierungsgesetz – ERegG), which, in particular, contains provisions on network access and route pricing. In addition, there are further national, European and – especially for transnational rail transport – international regulations.

The legal framework for HHLA is subject to constant change at national, European and international level in order to keep pace with technical progress and increased sensitivity with regard to safety and environmental concerns, among other issues. In the reporting period, however, there were no amendments to the legal framework with a significant impact on the Group's operating activities or its assets, financial or earnings position.

Corporate strategy

HHLA is one of Europe's leading port and logistics companies with activities stretching beyond the Port of Hamburg into many parts of Europe. Together with its customers, HHLA develops logistical and digital hubs for the transport flows of the future. As a result, HHLA is paving the way for sustainable growth in its enterprise value.

The Executive Board of HHLA is continuing the existing **transformation process**. Its aim is to strengthen the company's future viability and creative power over the long term. The necessary changes are linked across all segments and underpinned by numerous measures. The defined objectives are pursued consistently.

HHLA's market environment is changing at an ever-greater pace. HHLA aims to harness this change quickly and successfully and in a determined and focused manner.

To this end, HHLA is increasing its

- **focus** on identifying and interpreting relevant trends in order to derive value-adding initiatives.
- **flexibility** with the aim and benefit of acting and evolving quickly.
- **efficiency and networking** in order to remain ahead of the competition and generate added value.
- search for, and **integration of, new ideas.**

HHLA draws on its considerable **creative power** to focus on the development of additional values. This involves strengthening customer loyalty and its customer base.

HHLA is guided by key milestones as it builds its **future viability**. We come from Hamburg and are at home in Europe. As a gateway to the future, we offer our customers the best way to transport their goods safely, quickly and efficiently. We are currently sowing the seeds for additional, sustainable and profitable growth in our value creation to safeguard our future enterprise value. **Four initiatives** have been identified to achieve these objectives:

Fit for the world of tomorrow

Our core business is being strengthened to be able to enter the world of tomorrow sustainably and profitably. A corresponding programme for the future is being implemented. This programme aims to enhance competitiveness, quality and profitability.

Exploiting additional growth areas

HHLA is tapping growth potential along the transport streams of the future, along the logistics value chain and in new, digital business models.

Organisation and corporate culture

The company's organisational structure and corporate culture are being aligned with tomorrow's world. The client is being placed more than ever at the centre of activity.

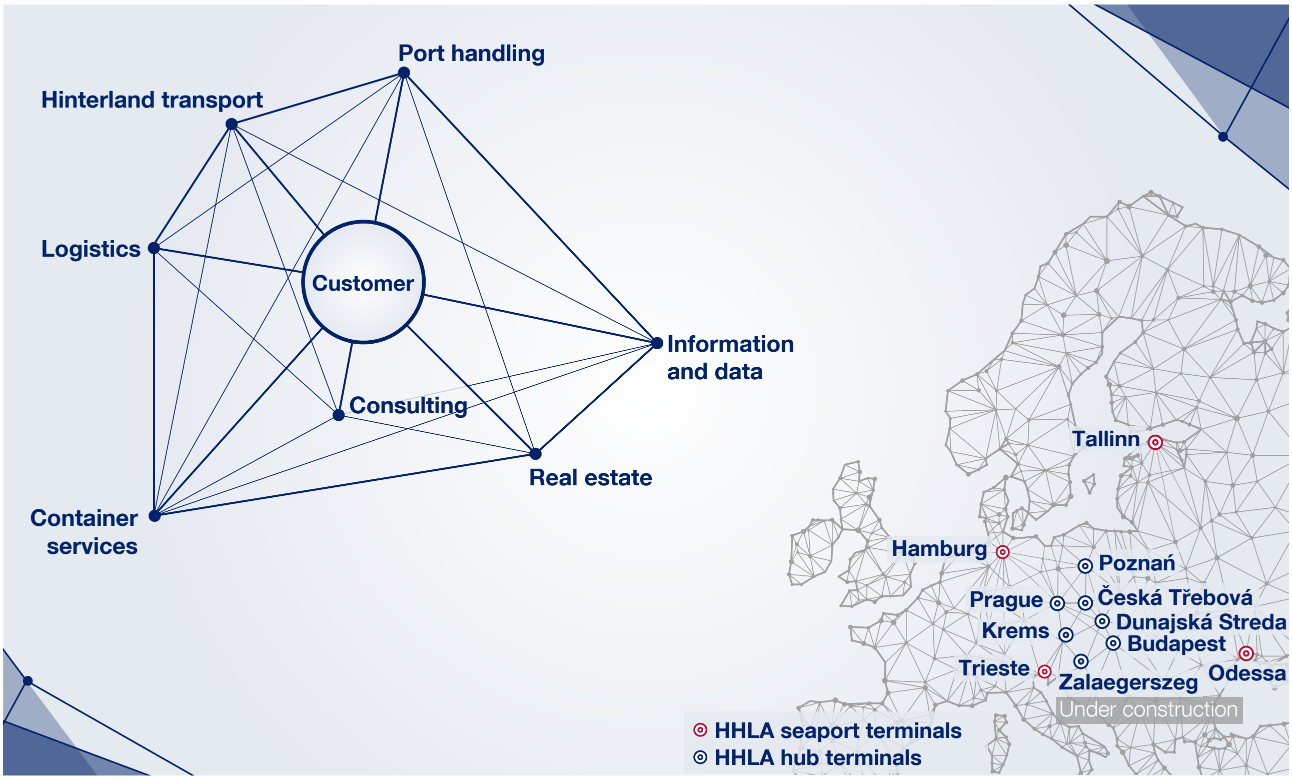
Investments and finance

The company will continue to gear its investments and operating results towards sustainable, profitable growth. HHLA applies a value-oriented approach to its strategic investments. The most important investment criteria are the growth prospects and anticipated return on capital of the investment projects.

In addition to the continued development of our core business and the development of new growth fields, **sustainability and climate protection** are an integral component of HHLA's business model. The aim is to make the entire Group climate neutral by 2040. As an interim goal, HHLA wants to halve its absolute

The HHLA service network

HHLA connects its customers with maritime and continental transport streams



CO_2 emissions by 2030, compared to the 2018 figure. HHLA is thus underlining its commitment to being both economically successful as well as socially and ecologically responsible.

In the listed **Port Logistics** subgroup, activities to cement and expand the current market positioning are governed by the following guidelines:

In the **Container segment**, HHLA aims to be an efficient, highly automated and high-performance port service provider with a strong hinterland network and cutting-edge, digital customer solutions. In order to achieve this, the design and operation of HHLA's container terminals are systematically geared to maximum productivity of space and manpower efficiency, while innovative technologies and processes are used to achieve continuous improvements in quality standards. Another area of focus is the mission to develop HHLA into a green port within a sustainable and emission-free transport chain.

In the **Intermodal segment**, HHLA strives to be a quality and efficiency leader and aims to leverage this leading position in order to profit from the transport flows of the future. METRANS will play an important role along the hubs and connecting lines of the logistics network, both in Europe and beyond. As a result of efficient networking between the Intermodal segment and the other activities of the HHLA Group, HHLA is able to offer its customers a perfectly coordinated range of services. It is characterised by efficient intermodal transport from HHLA's seaport terminals to transhipment in the European hinterland and vice versa. In addition, HHLA offers its customers continental transport between European destinations. By further expanding its European network and gaining market shares in Europe, HHLA is pursuing the goal of increasing both the scope of its services and the reach for its customers. Besides enhancing the scope and range of its services, HHLA also focuses on increasing its vertical integration.

In its **Logistics segment**, HHLA pools a wide range of port-related services such as dry bulk, vehicle and fruit logistics. These business fields form the foundation for the future growth of the segment. In addition, new and innovative business activities along the material and digital logistics value chain are being pursued and promoted in the Logistics segment. In response to rapid developments in the global transport and logistics sector, HHLA Next GmbH was founded in 2021 to serve as HHLA's central innovation unit and to pool its new and innovative business activities. HHLA also markets its expertise in infrastructure and project development internationally.

In addition to purely organic growth, HHLA constantly examines opportunities for further acquisitions in order to tap new growth areas along the logistics value chain. Potential acquisitions and equity investments focus on port projects and shareholdings in attractive growth markets. HHLA's interest is based on the economies of scope offered by the existing network and the opportunities it presents to tap additional growth potential along the transport flows of the future.

In its non-listed **Real Estate subgroup**, HHLA pursues the objective of developing into an integrated, market-viable developer of specialist properties. The corporate unit HHLA Real Estate aims to be Hamburg's flagship provider of intelligent district management and development on the basis of this clear strategic alignment and reliable prioritisation. As such, HHLA is becoming a much sought-after specialist in its clearly defined areas of expertise.

Corporate and value management

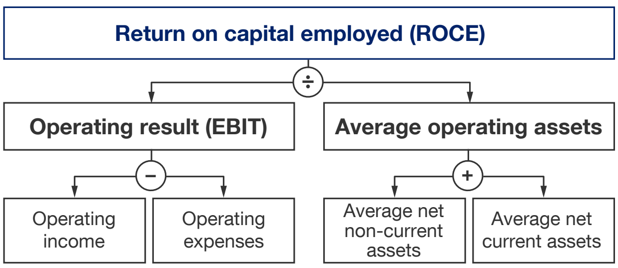
HHLA's primary financial objectives include the long-term, sustainable growth of its enterprise value. HHLA uses a Group-wide value management system for the planning, management and monitoring of its commercial activities. No changes were made to this system in the 2021 financial year.

Financial performance indicators

The key operational management parameters used by the HHLA Group are the operating result (EBIT) and the average operating assets (capital employed). EBIT and capital expenditure as key drivers of the average capital employed are the main intra-year and short-term performance indicators. Return on capital employed (ROCE) is calculated for the measurement of long-term, value-oriented performance and is also used to determine the annual value added. The HHLA Group calculates ROCE as a ratio of the operating result and the average operating assets used.

Value management

ROCE – defining parameters and influential factors



Commercial activities are generally regarded as value-generating if ROCE exceeds the cost of capital and they make a positive value contribution. Such capital costs correspond to the weighted average of equity costs and the cost of borrowed capital. As in the previous year, HHLA used a weighted average cost of capital of 8.5 % before tax to calculate value growth at Group level in the 2021 financial year. This minimum interest rate reflects the Executive Board's assessment of a medium- to long-term rate of return arising from a balanced relationship between equity and borrowed capital. This approach avoids short-term fluctuations in interest rates on the capital markets that may distort the information provided by the value management system.

Despite the ongoing challenges in the economic environment and the global coronavirus pandemic, the HHLA Group increased its EBIT result by 84.7 % year-on-year to € 228.2 million in the 2021 financial year (previous year: € 123.6 million). Earnings position

Average operating assets rose by 3.9 % to € 2,162.3 million (previous year: € 2,081.3 million). Financial position

As a result, return on capital employed rose by 4.7 percentage points year-on-year to 10.6 % (previous year: 5.9 %). The defined minimum ROCE of 8.5 % was therefore exceeded by 2.1 percentage points. The HHLA Group thus achieved a positive value added of € 44.4 million in the reporting period (previous year: € - 53.3 million).

Key figures value added

in € million	**2021**	2020	Change
Operating income	1,524.6	1,355.3	12.5 %
Operating expenses	- 1,296.4	- 1,231.7	5.3 %
EBIT	228.2	123.6	84.7 %
Ø Net non-current assets	2,054.6	1,971.3	4.2 %
Ø Net current assets	107.7	110.0	- 2.1 %
Ø Operating assets	2,162.3	2,081.3	3.9 %
ROCE in %	10.6	5.9	4.7 pp
Capital costs before tax[1] in %	8.5	8.5	0 pp
Capital costs before tax	183.8	176.9	3.9 %
Value added in %	2.1	- 2.6	4.7 pp
Value added	44.4	- 53.3	pos.

1 of which 5.0 % for the Real Estate subgroup

Non-financial performance indicators

The main non-financial performance indicators are container throughput and container transport volumes. In addition to the continuous dialogue that HHLA maintains with its customers, the company makes extensive use of macroeconomic forecasts as early indicators for volume trends and its operating activities. These include the anticipated development of gross domestic product for important trading partners and the subsequent estimates for foreign trade and import/export flows, as well as for container traffic on relevant routes and changes in the correlation between gross domestic product and containerised trading volumes.

Research and development

One of HHLA's strategic objectives is to continuously improve the efficiency of its operating systems, and consequently its competitiveness, by developing application-oriented technologies. Due to close collaboration with technical universities, institutes, industry partners and government authorities, joint projects can be planned, managed and developed by working groups.

Container terminal 4.0

The Container Terminal Altenwerder (CTA) is one of the most highly automated container terminals in the world. Since it opened in 2002, HHLA has constantly been researching and working on improving and expanding automation at the site. Right at the start, a paradigm was established whereby automated work areas are separated, isolated and off-limits to staff in order to guarantee occupational safety. This principle has always been upheld. Today, however, this paradigm is preventing the ramping up of automated processes, as it inevitably excludes them from areas used by people. The research project “Container terminal 4.0 – a paradigm shift in the automation of container terminals via human–machine interaction rather than separation” is being conducted as part of the IHATEC subsidy programme (supported by the German Federal Ministry for Digital and Transport). The project's main objective is to develop automation solutions for various container crane systems used at the terminal in work areas shared by people and machines and to implement them as prototypes. At the same time, the experience, knowledge and evidence gathered during this process should play a fundamental role in establishing the safety standards needed to create a reliable framework for future automation projects.

Hamburg TruckPilot

With the Hamburg TruckPilot field test, MAN Truck & Bus and HHLA conducted a highly innovative research and testing project to develop automation solutions in road transport. The aim was to analyse the requirements for the customer-specific deployment and integration of self-driving trucks in the automated container handling process under realistic conditions, and to review its feasibility. The prototype trucks equipped with the corresponding electronic automation systems operated automatically within CTA. The project was split into three phases: the preparation phase, which ran until the end of 2018, served to define the underlying technical conditions. The test phase, which was slated for completion by June 2020, was largely carried out despite the restrictions resulting from the coronavirus pandemic. This comprised the technical development of the system at MAN's testing centre in Munich in accordance with the specific requirements identified during the preparation phase. The scheduled field test between July and December 2020 could only take place to a limited extent. In 2021, customer-oriented pilot operations were successfully carried out. This involved the automated storing of containers owned by the freight forwarder Spedition Weets GmbH in CTA's block storage unit.

AeroInspekt

Storage cranes at the automated container yard are the linchpin of HHLA's cutting-edge, high-performance container terminals. The crane rails are subject to extreme requirements in terms of their position and height. However, the geomorphological composition of the port terrain continuously results in significant subsidence and shifts in the track network, which have to be monitored, measured down to the exact millimetre and rectified on a regular basis. The measurement work results in significant operational interruptions. One of the aims of the IHATEC subsidy project AeroInspekt – which HHLA is running in conjunction with the Technical University of Braunschweig – is to develop software which will enable the use of drones for this measurement work in future. The project was successfully completed in October 2020. Several test flights with various camera lenses, software settings, weather conditions, etc. confirmed that the necessary precision (~ 2 millimetres) could be achieved at an altitude of 30 metres while at the same time reducing interruptions to port operations. The challenge for the future will be transferring the findings and tools developed into regular operations.

Hyperloop transport system

Since December 2018, HHLA has been working with the US-based research and development company Hyperloop Transportation Technologies (HyperloopTT) to explore possible applications of hyperloop technology for transporting shipping containers and to develop technical solutions.

In partnership with HyperloopTT, HHLA has developed a technical, operational and commercial solution for a hyperport for sea containers. This involved simulating the layout and operational processes, establishing models for calculating the economic viability and various operator models, and evaluating target markets. To illustrate the hyperport principle, a conceptual video was released in July 2021. The development results were presented in detail at the ITS World Congress in Hamburg in October 2021.

FRESH

Harnessing consumer flexibility with regard to their energy demands is expected to play an important role in the success of the energy transition. The FRESH project (flexibility management and control reserve provision of heavy goods vehicles in the port, sponsored by the German Federal Ministry for Economic Affairs and Climate Action) builds a bridge between commercial electric vehicle fleets and the energy market in practice, thus tapping the potential for flexibility. At CTA, transport between the quayside cranes and the block storage units is fully automated with the use of driverless vehicles (automated guided vehicles, or AGVs for short). The entire fleet of these heavy goods vehicles is currently being replaced by battery-powered vehicles using lithium-ion battery technology and fully automated charging stations. On average, however, an AGV spends about a third of its operating time in a waiting position. During this time, it is possible to postpone or interrupt the charging process, vary the charging capacity or even feed electricity back into the grid. The challenge is to continuously forecast the transport capacities that will soon be required of the vehicles and to plan the potential battery capacities and allocations of charging stations and vehicles, thus paving the way for the optimised use of available flexibility.

HITS-Moni

In partnership with the Department of Informatics at the University of Hamburg and DAKOSY, HHLA is conducting the IHATEC-funded project Harbour IT Security Monitoring (HITS-Moni) until February 2022. The project seeks to conduct a port company-specific risk analysis, to design methods and rules for detecting and blocking cyberattacks on IT systems and to implement them in a demonstrator. This also involves conceptualising the linking of IT security tools across different companies in the port sector. The aim is to detect and escalate attacks automatically and in good time. It is expected that the establishment of innovative IT security concepts and technologies within autonomous systems will boost productivity and efficiency by reducing the risk of potential system failures or data manipulation caused by cyberattacks.

UniPort 4.0

Hansaport has set up the IHATEC project UniPort 4.0 in partnership with Brunsbüttel Ports GmbH and other companies. Digitalisation in the field of all-purpose ports is still at an early stage. The often conventional work procedures and comparatively low level of maturity in terms of organisational and information technologies at all-purpose ports represent a significant obstacle. Whereas digitalisation at container ports is developing swiftly on account of global growth in consumer goods and the standardisation offered by containers, the core business of an all-purpose port lies in the handling of all kinds of break bulk, dry bulk and large quantities of general cargo. These pose challenges for the ports in terms of handling technology and in relation to the various shapes, weights, volumes and batch sizes, as well as in terms of storage, safety regulations and the required transport modes. In light of the ever-changing goods and product sizes/weights, the processes at an all-purpose port must be structured in a sophisticated manner and, from a digitalisation standpoint, usually offer significant optimisation potential. The idea behind UniPort 4.0 is to apply digitalisation in a comprehensive manner at the various ports involved.

Artificial intelligence and machine learning

With its artificial intelligence (AI) initiative, HHLA is pursuing three key business aims: tapping additional business potential, boosting customer loyalty and increasing terminal productivity. HHLA also feels that AI offers considerable potential when it comes to increasing occupational safety among the workforce.

The first AI pilot projects have been successfully completed. AI-based forecasts of container collection times and the outgoing carriers result in increased yard productivity.

Performance certified

In order to document its performance, the HHLA Container Terminal Altenwerder (CTA) once again completed certification in accordance with the Container Terminal Quality Indicator (CTQI) in the reporting year. The standard, which was developed by the Global Institute of Logistics and Germanischer Lloyd, checks criteria such as the safety, performance level and efficiency of a terminal on both the water and onshore, as well as its links to pre- and onward-carriage systems. With its successful certification, the terminal once again confirmed its high level of performance and compliance with all quality standards.

ABC-Inspekt

Container gantry cranes that load and discharge ships are a key element of a container terminal. Qualified inspections are therefore exceptionally important for maintaining the uninterrupted, round-the-clock operation of such seaport container gantry cranes (24/7, 365 days a year). The critical parts of a container gantry crane are currently inspected individually by qualified experts. Carrying out and evaluating these inspections is becoming more and more difficult with the steadily increasing size of container gantry cranes, and the amount of image data to be inspected is becoming more extensive.

In order to boost the efficiency and quality of the photographic analysis, as well as improve workplace safety and ultimately the reliability and availability of the container gantry cranes, a self-learning, automated image recognition system based on artificial intelligence is to be used to analyse image material. Over an extended period of time, the system conducts an automatic comparison of any changes in the same areas of the container gantry cranes.

The ABC-Inspekt research project, supported by the IHATEC programme, is being implemented in partnership with the Technical University of Braunschweig with the aim of developing an intelligent image recognition system. This self-learning image recognition system (AI) will be used to analyse image material from the critical points on container gantry cranes.

Cookie

The IHATEC project Cookie, funded by the German Federal Ministry for Digital and Transport, seeks to optimise the process of damage identification and assessment in the empty container depot with the aid of artificial intelligence and 3D digital container twins. The project name Cookie stands for “COntainerdienstleistungen Optimiert durch Künstliche IntelligEnz” (container services optimised by artificial intelligence). Together with our research partner, the Fraunhofer Center for Maritime Logistics in Hamburg-Harburg, the aim is to develop an adaptive algorithm for image recognition processes. The aim is to revolutionise the inspection process for identifying and assessing any damage to empty containers with the aid of machine learning methods (specifically, deep learning) and the explicit linking of CEDEX codes, which are subject to syntax rules, in combination with the 3D digital twins. The integration of an AI-based system for identifying damage is expected to reduce error rates, increase the uniformity of damage assessments and improve process speed in order to further boost efficiency and achieve reliable availability planning for containers within the processes at the empty container depot.

BVLOS drone system

HHLA Sky has developed a globally scalable, end-to-end drone system that allows the secure operation of drones beyond the visual line of sight (BVLOS). The industrial drones are extremely robust, very light and equipped with safety technology. Customers can integrate the system into their own business processes independently, or use it as a service operated by HHLA Sky. HHLA Sky has also developed software and related information systems. The HHLA Sky software can be purchased for use on a licensed basis. The control centre is used operationally for drone flights, including to inspect container gantry cranes at the HHLA terminals.

HHLA Sky is also contributing its expertise to the UDVeo (urban drone traffic efficiently organised) research project. The project is being funded by the German Federal Ministry for Digital and Transport (BMDV) from 2020 to 2022, under the leadership of the Helmut Schmidt University in Hamburg. The aim of the project is to develop the basis for a drone management system for efficient and safe transport within densely populated urban spaces. In 2021, the focus was on developing a prototype for a U-Space service provider, which was publicly demonstrated at ITS 21 in Hamburg. HHLA Sky also participated in the U-Space real laboratory in Hamburg in the role of a commercial drone operator.

In 2021, HHLA Sky GmbH won the prestigious German innovation award (an initiative of Accenture, EnBW and Wirtschaftswoche under the patronage of the German Federal Minister for Economic Affairs) in the start-up category.

modility booking portal

Together with eleven partners in the transport and freight-forwarding sector, HHLA has initiated the development of a new booking portal for intermodal transport. As a digital matchmaker between providers and customers of intermodal transport in Europe – with a current focus on road and rail as modes of transport – modility aims to become a central access point for intermodal transport and make it easier for companies to switch to more climate-friendly transportation. Operators can use the portal to market their transport capacities, while freight forwarders can easily find them, as in a search engine, and directly book them online if needed.

modility was validated under everyday conditions in a nine-month pilot phase funded by the German Federal Ministry for Digital and Transport (BMDV) and lasting until August 2021. In addition to the expansion of the European network and the further needs-based development of the portal, the main focus was on establishing the solution as an everyday operational tool for dispatchers and actively facilitating the first transports. As a gateway to the world of rail freight transport, modility will continue to generate tangible added value by helping users to find suitable transport partners and providing support in communication and processing.

PortSkill 4.0

The increasing digitalisation and automation of work in the port sector is having a profound impact on processes, requirements and cooperation. And as job profiles change, employees will need to adapt their skill sets to these new requirements. The spectrum of change ranges from medium-term adaptation needs to completely new skills profiles to be developed for employees in the port sector.

This is where the IHATEC-funded project “PortSkill 4.0” comes in, which was launched together with companies in the German port sector and the social partners of the maritime economy. This research initiative is centred on changes in work activities at the port and the resulting impact on the skills which employees need. The focus is on operations as well as on the associated technical and administrative functions. The aim is to analyse and research the skill sets necessary for the port work of the future. This will culminate in the development of innovative learning concepts and environments which will initially be tested in a digital testing and training centre and then rolled out in new training programmes. Alongside this, the socio-economic effects of the digital transformation at German port facilities is being examined, and recommended action identified.

Rymax

As an associate partner, HHLA is part of the “Rymax-One Quantum Optimizer” project. The project will run for five years and has received funding of € 29.0 million from the German Federal Ministry of Education and Research (BMBF).

Quantum computers promise considerable advantages over conventional digital computers for certain tasks. Due to the high degree of technical complexity involved, however, it has not yet been possible to manufacture a quantum computer with an adequate number of qubits which is suitable for everyday use. The approach being pursued here is based on the principle of the so-called quantum annealer. This is less complex and thus less universal in terms of achieving a quantum advantage than a gate-based approach. However, it promises to reach the threshold for practical suitability sooner – especially for optimisation problems.

The network is pursuing the goal of completing a corresponding demonstrator by the project’s end. This will be integrated into a high-performance computing environment and made available to interested users via the cloud for HPC/quantum computer-hybrid operation.

If successful, the Rymax quantum annealer can be scaled to practice-relevant sizes in the medium term and can be applied commercially to solve specific industrial problems. In the longer term, individual hardware components and complete systems can be offered on the market.

In close collaboration with its partners Fraunhofer ITWM and the University of Hamburg, HHLA will make challenging logistics use cases available that are particularly suited to quantum optimisation. Fraunhofer ITWM and the University of Hamburg will transfer these problems to the quantum computer and compare them with the best conventional approaches. HHLA will then evaluate the applicability of the solutions in actual operations.

TransHyDE flagship hydrogen project

The German Federal Ministry of Education and Research (BMBF) will approve substantial amounts of funding for three flagship hydrogen projects as part of the implementation of the National Hydrogen Strategy. Their purpose is to facilitate Germany’s transition to a hydrogen economy over a period of four years. The three projects are the series production and scale-up of water electrolysers (H_2Giga), the offshore production of hydrogen and secondary products (H_2Mare) and technologies for the transportation of hydrogen (TransHyDE). More than 240 partners from the scientific and industrial sectors are working together on the flagship hydrogen projects. HHLA is part of this network and is participating in the TransHyDE key project.

As hydrogen is rarely used at the same location as it is manufactured, TransHyDE aims to address this problem by developing a holistic approach to the production, transportation and use of hydrogen. Together with other partners, HHLA is examining the various transport options in relation to this and is involved in the TransHyDE projects “Mukran” and “Helgoland” on the islands of Rügen and Heligoland, respectively, where the transportation of hydrogen in high-pressure containers as well as via LOHCs (liquid organic hydrogen carriers) is being tested.

Bionic Production

Mobile 3D printing factory – Mobile Smart Factory

The increasing global interconnectedness of industrial manufacturing that relies on transportation by land, sea and air is producing an enormous volume of CO_2 emissions. Huge quantities of natural resources are wasted as a result of supplying factories with components that need to be delivered quickly by aircraft, storing tens of millions of needlessly produced safety stocks of components and discarding millions of tonnes of metal in the form of pipes and other technical components which could be recycled using 3D printing repair processes. The Mobile Smart Factory developed by Bionic Production GmbH is the world’s first mobile 3D printing factory that can produce urgently needed components autonomously and locally as well as being able to repair large components. Both metal and plastic replacement parts can be rapidly produced or repaired as needed in the Mobile Smart Factory. As a result, logistics flows can be fundamentally avoided. Furthermore, only parts that are actually needed are produced. As such, the Mobile Smart Factory makes a significant contribution to the conservation of resources.

DeMa Token Blockchain

DeMa Token Blockchain offers a network solution for decentralised manufacturing by selling quantity-based NFTs and receiving a DeMa-native cryptocurrency. This involves tokenising the manufacturing files of the replacement parts on a blockchain, thus creating a unique digital twin of the component. This digital twin can be sold and traded as a utility token on a non-fungible basis and provides the supplier with complete control over the number of locally printed and manufactured replacement parts.

Part Screening 3D printing

Bionic Production offers a solution for identifying potential 3D printing components. The aim of the software application is to assess conventional components, determine their potential for additive manufacturing and conduct a cost comparison.

Climate-neutral world heritage site Speicherstadt historical warehouse district

Funded by the German Federal Ministry for Economic Affairs and Energy (BMWi), the project aims to determine whether climate neutrality can be achieved in landmarked buildings. It does so on an application basis using a reference storage unit in the Speicherstadt historical warehouse district. The project will look into how the energy required to run a property can be generated, stored and used in the building itself. In addition to HHLA Real Estate, the project participants are the Institute of Construction Materials (IWB) at the University of Stuttgart, HafenCity University Hamburg (BIMLab) and RWTH Aachen University (EONERC).

Purchasing and materials management

Purchasing is a shared service provided by the HHLA Group's management holding company in Hamburg. HHLA Group purchasing supports corporate strategy by means of its professional management of procurement activities. The aim is to establish a consolidated supplier base that is characterised by maximum value added, top quality and optimum life cycle costs.

HHLA's supply chains comprise capital goods (such as port handling equipment) as well as consumables and other services (such as maintenance). The overwhelming majority of suppliers are from Germany and other European countries.

The strategic purchasing function supports and advises Group companies as part of its holistic management of product groups, suppliers and contracts so that the service and performance requirements of internal customers are met as completely as possible. Market developments relating to new technologies, innovations and the service performance of specific suppliers are considered in close cooperation with the operations and technology departments. Now that the transformation of the purchasing department has largely been completed, it is firmly established as a strategic partner within the Group. It is involved in procurement projects at an early stage, providing value-adding support and expert advice on market, supplier and innovation developments. In this regard, the purchasing department ensures that all Group requirements for the procurement processes are observed in accordance with the framework guidelines. These guidelines are binding for all employees.

In order to develop viable future solutions for port infrastructure, HHLA remains committed to its strategic and collaborative partnerships with selected suppliers while taking into account both economic and ecological aspects. Products, facilities and processes are systematically enhanced by drawing on the potential of digitalisation.

When selecting partners, great importance is attached to reliability, quality, innovative strength, cost structure, economic stability, sustainability and compliance. Compliance with these criteria is monitored by an IT-based supplier management system. This also facilitates a continuous review of the degree of fulfilment and the supplier base.

A comprehensive project for the consolidation of the existing product groups was launched in 2021. As a result, there will be three main product groups in future: technical purchasing (generally comprising the previous equipment & energy and MRO groups), construction purchasing, information technology (IT) and indirect purchasing. In 2021, the technical product group accounted for 43.9 % of the Group's managed purchasing volume, while IT, indirect services and materials accounted for 25.4 % and construction for 30.7 %. The total managed purchasing volume amounted to approximately € 232 million.

The challenges resulting from the pandemic, such as price increases and capacity shortages, have been effectively counteracted so far by the Group's preventive risk management. For example, alternative suppliers were swiftly turned to when needed, and their numbers increased.

We continued to drive the automation of purchasing processes for day-to-day requirements. In the reporting period, 56.5 % of all purchasing processes were handled fully automatically by means of the systems (previous year: 48.1 %). The main increase was in the automation of procured stock items. This enables us to streamline processes and ensure both non-bureaucratic procedures and compliance with process standards. By systematically continuing these optimisation and automation measures, further automation potential is expected for the 2022 financial year, in particular as a result of an updated e-procurement system that went live at the start of 2022.

The automation of processes is also continuing in materials management. A system was rolled out to support mobile working. The first stage involved mapping the inventory processes. Further activities like incoming and outgoing goods are to be gradually switched over.

In the area of process optimisations, vehicle fleet management was improved in 2021. The previously decentralised structures were revised and centralised as part of a project managed by employees of the department. Another example is the optimisation of building cleaning services. Uniform Group standards were implemented here, marking the beginning of standardisations in the facility management department.

After mainly focusing on optimising the key procurement topics in 2019 and 2020, the purchasing department concentrated again on strategic alignment and modelling the entire process chain in 2021. Its efforts centred on the issue of product group management. This was implemented for the top product groups. The concept will be rolled out to other product goods in the coming years. Supplier management is a further key topic. Plans include the replacement of the tool currently used for supplier management in 2022. The aim is to use a standardised and integrated system as part of the revised catalogue tool.

The department also continues to focus on centralising and mapping Group standards. The objective over the coming years is to integrate foreign associates more closely.

Sustainable performance indicators

Direct and indirect energy consumption by HHLA and its companies was as follows in the year under review:

Direct and indirect energy consumption and supply

	2017	2018	2019	2020	**2021**
Diesel, petrol and heating oil in million liter	27.4	28.4	28.0	24.1	24.1
Natural gas in million m^3	3.6	4.4	8.0	9.1	7.5
Electricity[1] in million kWh	135.6	135.9	123.2	117.0	133.7
thereof from renewable energies in million kWh	82.8	78.9	78.7	86.2	97.4
Traction current in million kWh	157.5	181.4	185.0	191.9	208.7
thereof from renewable energies in million kWh				6.6	115.7
District heating in million kWh	3.6	3.7	3.6	3.1	4.0
District heating supply[2] in kWh	–	10.9	33.3	32.8	25.5

Consumption of natural gas, traction current and district heating in 2021 is based on preliminary and estimated figures.

1 Electricity without traction current

2 Generated by a highly efficient combinded heat and power generation plant (CHP) based on preliminary figures

For more information about sustainability, please refer to the Sustainability section of the Annual Report.

Non-financial report

HHLA reports on the Group and HHLA AG in the form of a combined separate non-financial report. The non-financial report serves to fulfil the statutory requirements arising for HHLA in connection with the Act to Strengthen Companies' Non-Financial Disclosure in their Management Reports and Group Management Reports (known as the CSR Directive Implementation Act for short). It also fulfils the regulatory requirements resulting from the EU Taxonomy Regulation, which came into force in mid-2020. As a standardised and legally binding classification system, it establishes which economic activities are regarded in the European Union as "environmentally sustainable".

The entire content of the non-financial report is integrated into the Sustainability section of this Annual Report. The non-financial report is also available as a separate PDF from the download centre for the online Annual Report. report.hhla.de/non-financial-report

Employees

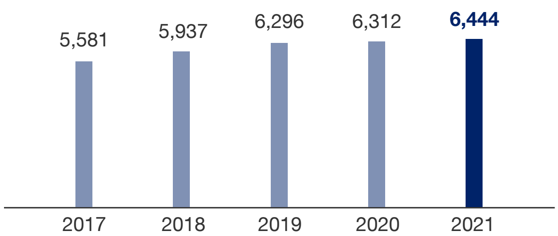
Development of headcount

The HR strategy of HHLA comprises five action fields: "Employer of Choice", "Develop Further", "Work Together", "Resource Management" and "Co-Determination". Strategic planning is geared towards the future development of the various departments and aims to help HHLA react more swiftly in future to qualitative and quantitative manpower requirements. The main focus areas of the "Employer of Choice" action field, for example, are the optimisation of recruitment and the further development of the HHLA employer brand.

The aim is to provide the majority of services using in-house staff. Employees of Gesamthafenbetriebs-Gesellschaft (GHB) are used by the container handling firms in Hamburg to cover peaks in operating manpower requirements. The recruitment processes used by the individual companies of HHLA AG are monitored by the HHLA manpower planning team. Proposals to create additional jobs are examined for their consideration of economic planning and operational necessity as well as other options for filling positions internally or taking alternative action. This ensures that recruitment does not exceed the strategic HR needs planning for individual companies approved by the Executive Board and that it can be synchronised with headcount trends at the other firms with the possibility of synergy effects.

Employees at the HHLA Group

as of 31.12



HHLA had a total of 6,444 employees at the end of 2021. This figure rose by 132, or 2.1 %, compared to the previous year. In addition, HHLA used an annual average of 624 employees of GHB (previous year: 549).

Employees by segment

In the Container segment, the number of employees rose to 3,149 as of 31 December 2021. Total headcount was up by 17 year-on-year in the reporting period (previous year: 3,132). This represents an increase of 0.5 %. Due to the expansion of services and the increase in vertical integration, headcount in the Intermodal segment rose by a further 31 employees in total to 2,310 (previous year: 2,279). Employee numbers in the Logistics segment also increased to 253 in the reporting period (previous year: 186). This represents an increase of 36.0 % and is partly due to the development of further business fields and the associated inclusion of additional companies in the consolidated group. The number of employees at the strategic management holding company increased by 2.7 % to 645 (previous year: 628). In the Real Estate segment, headcount amounted to 87 as of 31 December 2021 (previous year: 87). This figure includes employees from the management holding company who are assigned to the Real Estate segment.

Employees

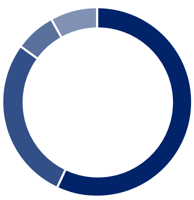
by segments	2021	2020	Change
Container	3,149	3,132	0.5 %
Intermodal	2,310	2,279	1.4 %
Holding/Others	645	628	2.7 %
Logistics	253	186	36.0 %
Real Estate	87	87	0.0 %
HHLA Group	**6,444**	**6,312**	**2.1 %**

Employees by region

In geographical terms, the workforce was concentrated mainly in Germany, with 3,674 employees (previous year: 3,632), the majority of whom worked in Hamburg. This corresponds to a share of 57.0 % (previous year: 57.5 %) and is due to the development of further business fields abroad and a simultaneous slight rise in the number of staff employed abroad of 3.4 % to 2,770 (previous year: 2,680). In Central Europe, headcount increased slightly year-on-year to 1,774 (previous year: 1,752), while the number of employees in Estonia decreased to 212 (previous year: 224). In Ukraine, the number of employees rose by 0.9 % to 473 (previous year: 469).

Employees by region

Number of employees as of 31.12.2021: 6,444



1 Czech Republic, Slovakia, Hungary, Slovenia

Recruitment

Of the 147 new employees who had not previously worked for HHLA in Germany, for example via GHB, 43.5 % were under 30 years of age.

Recruitments 2021

	Total	thereof females	thereof females
< 30 years	64	23	35.9 %
30 – 50 years	66	18	27.3 %
> 50 years	17	6	35.3 %
HHLA Germany	**147**	**47**	**32.0 %**

Since 2013, HHLA has been employing a self-developed **selection process** (assessment centre) in Germany that considers not only the applicant's personal and professional suitability but also diversity aspects. These processes have been used for all blue-collar roles since the end of 2013 and at the holding company and all container terminals in Hamburg since 2014. Members of the company's staff selection panels receive special training. In addition, the selection panel must include at least one woman for all selection processes in which the pool of applicants includes women.

351 employees were hired by HHLA's foreign subsidiaries during the reporting period. 77.8 % of new hires were in the Intermodal segment. Of these 351 new hires, the proportion of women was just under 26.8 %, while the proportion of under-30s was 52.4 %.

At 4.4 %, the **fluctuation rate** (excluding internal transfers within the Group) in Germany decreased slightly year-on-year (previous year: 4.8 %). Of the 160 people who left the company, 41.9 % were retirees (previous year: 42.2 %). The fluctuation rate at our foreign subsidiaries was 11.7 % in the reporting period (previous year: 11.1 %). By comparison, the proportion of people leaving the company as retirees was very low at 0.3 % (previous year: 2.7 %).

Personnel structure

The majority of jobs at HHLA are in a segment of the labour market in which men are traditionally employed and women are under-represented. The ratio of women employed by HHLA in Germany (incl. apprentices) amounted to 15.7 % (previous year: 15.2 %). During the reporting period, the proportion of women working at the foreign subsidiaries was 21.5 % on average (previous year: 22.2 %).

Gender distribution on the Executive Board and in the two management levels below the Executive Board is governed by the German Act on the Equal Participation of Men and Women in Executive Positions in the Public and Private Sectors and by the targets agreed by the Supervisory Board and, where applicable, the Executive Board. Corporate governance declaration

Age structure

The average age of staff in Germany in the reporting period was 45.2 (previous year: 45.1). Male employees had an average age of 45.8, while female employees were 42.4 years old on average. Over half of all employees are aged between 30 and 50. The average employee age at the foreign companies was 42.0.

Age structure of employees

in %	31.12.2021	thereof females	31.12.2020	thereof females
< 30 years	10.0	27.4	10.6	26.0
30 – 50 years	51.8	15.5	51.6	15.0
> 50 years	38.2	12.9	37.8	12.4
HHLA Germany	**100.0**	**15.7**	**100.0**	**15.2**

The average length of service with the company in Germany is approximately 15.5 years. By contrast, the figure outside Germany is 7.1 years.

Average employment period of employees

in years	31.12.2021	31.12.2020
< 30 years	4.5	4.8
30 – 50 years	12.1	11.8
> 50 years	23.0	23.4
HHLA Germany	**15.5**	**15.5**

The percentage of employees with a severe disability (including persons of an equivalent status) in Germany was 8.2 % at the end of the reporting period (previous year: 8.4 %).

Personnel development

HHLA invested a total of € 5.0 million in educating and training staff at its locations in Hamburg in 2021 (previous year: € 5.3 million).

As of 31 December 2021, 54 apprentices and 28 students were receiving training in Germany in ten different professions and seven dual study courses. 28.1 % of the 82 apprentices and students were female. The ratio of female students in 2021 was 39.3 % (previous year: 33.3 %). At the container terminal in Estonia, eight young apprentices (six industrial and two commercial) also completed internships as part of their vocational school education during the reporting period.

All 15 apprentices who successfully completed their training in the course of the year were given permanent contracts. A total of 21 new apprentices were taken on at the company's Hamburg facilities in 2021, of whom 33.3 % were women. At the start of the 2021 academic year, women accounted for 25.0 % of commercial apprentices, 33.3 % of industrial apprentices and in dual training 57.1 %.

In total, 642 events lasting one or more days were held in the reporting period, some of which were held digitally as a result of the coronavirus pandemic. Of the training and education measures offered, 490 were carried out as internal vocational courses conducted by HHLA's own trainers over 2,322 training days. In addition, 152 events lasting one or more days with over 1,654 participant days were organised as part of the company's cross-segment seminar programme. Of the participants, 38.6 % were women.

Detailed workforce-related information on strategic HR management, staff development, occupational safety and health promotion, as well as contracts, remuneration and additional benefits can be found in the Sustainability/society/working world section of the Annual Report.

Economic environment

Macroeconomic development

Following a dynamic start to 2021, the global economic recovery lost ever more momentum as the year progressed. In many parts of the world, economic growth was held back by resurgent infection rates. To make matters worse, each new wave of infections was increasingly out of step with the measures currently in place and their economic impact. Countries with high vaccination uptake, for example, were prepared to tolerate higher incidence rates and refrained from taking sweeping containment measures that would have severely curtailed economic activity. According to estimates of the International Monetary Fund (IMF) in January 2022, total growth in **global economic output** for 2021 as a whole will amount to 5.9 %.

Development of gross domestic product (GDP)

in %	2021	2020
World	5.9	- 3.1
Advanced economies	5.0	- 4.5
USA	5.6	- 3.4
Emerging economies	6.5	- 2.0
China	8.1	2.3
Russia	4.5	- 2.7
Eurozone	5.2	- 6.4
Central and Eastern Europe (emerging european economies)	6.5	- 1.8
Germany	2.7	- 4.6
World trade	9.3	- 8.2

Source: International Monetary Fund (IMF); January 2022

In addition to new virus variants, rising inflation in the second half of the year in particular had an adverse impact on the economy. Fossil fuel prices almost doubled in the reporting period, causing energy costs to soar in Europe in particular. In addition, capacity problems in the logistics system and supply bottlenecks impeded the upturn in industrial production in 2021, while the strong demand for goods – especially in the US – led to increasing price pressure. Nevertheless, the IMF forecasts significant catch-up effects in **trade volume** following the pandemic-related slump and anticipates growth of 9.3 % for 2021.

The total economic performance of the **advanced economies**, macroeconomic output rose by 5.0 % in 2021. The US economy recovered quickly from the slump at the start of the pandemic and recorded robust growth of 5.6 %. This upturn in the world's largest economy was accompanied by a strong rise in inflation. A broad-based upswing in Europe was also hampered by supply bottlenecks and new infection waves. The IMF expects that gross domestic product (GDP) in the eurozone grew by 5.2 % in 2021.

In the **emerging economies**, the prospect of a strong economic recovery was equally dampened by the Delta variant. According to the IMF's estimates, economic growth in the reporting period reached 6.5 %.

In **China**, new coronavirus outbreaks coupled with interruptions to industrial production due to power outages, falling real estate investment and a faster than expected pullback in government spending in the second half of the year contributed to an economic slowdown. Nevertheless, the world's second-largest economy grew by 8.1 % in 2021.

The **Russian economy** also had to contend with adverse conditions following the recovery in the first half of 2021. Any further upturn was stalled by output restrictions caused by new coronavirus waves. High commodity prices, however, have helped stimulate the economy. Experts forecast a 4.5 % increase in Russia's GDP for 2021. By contrast, the IMF's latest estimates from October 2021 indicate slower economic growth of 3.5 % for **Ukraine**, with not just the pandemic but in particular the simmering conflict with Russia adversely affecting the economy. The economy of **Estonia**, however, is expected to have grown by a robust 8.5 % in 2021.

The countries of the **European Union** also experienced an economic upturn with growth of 5.2 %. In **Central and Eastern Europe**, GDP growth was even stronger at 6.5 %.

The recovery of the **German economy** was weak by international comparison, with growth slower than originally expected at 2.7 %. According to estimates of the German Federal Statistical Office, GDP even fell in the fourth quarter.

Sector development

In 2021, global container throughput more than recovered from its pandemic-related slump. According to the latest Drewry estimates, however, full-year growth of 6.5 % was not as strong as expected in mid-2021, when global throughput growth of 8.2 % was considered feasible. In addition to new virus variants and rising inflation, experts cite the ongoing disruptions to supply chains and bottlenecks at ports around the world as the main reasons for slower than anticipated growth.

Development of container throughput by region

in %	**2021**	2020
World	6.5	- 0.9
Asia as a whole	5.4	- 0.3
China	5.2	0.8
Europe as a whole	4.6	- 3.2
North-West Europe	6.4	- 3.9
Scandinavia and the Baltic region	2.8	- 3.4
Western Mediterranean	4.6	- 4.1
Eastern Mediterranean and the Black Sea	2.2	- 0.8

Source: Drewry Maritime Research; December 2021

The noticeable upturn in throughput activity was observed in all shipping regions, albeit to different extents. The **Asia** shipping region, which has the highest volume of throughput globally, reported growth of 5.4 %. China's ports recorded slightly weaker growth of 5.2 % due to delays, congested harbours and new COVID-19 outbreaks.

In **Europe**, the total volume of containers handled at ports rose by 4.6 %, with growth driven by the container ports of North-West Europe in particular, where throughput was up 6.4 %. As a result of bottlenecks at the leading ports, Wilhelmshaven, Zeebrugge and Dunkirk served as valuable alternatives and benefited from the strong demand for handling capacity.

Container throughput in the leading ports of Northern Europe

in million TEU	**2021**	2020	Change
Rotterdam	15.3	14.4	6.6 %
Antwerp	12.0	12.0	- 0.1 %
Hamburg	8.7	8.5	2.2 %
Bremen ports	5.0	4.8	5.2 %

Source: Port Authorities

The trend among the major **container ports of the North Range**, as well as the largest ports of the Baltic Sea, was mixed. In the Port of Hamburg, throughput volume in the reporting period was slightly above the previous year at 8.7 million TEU (previous year: 8.5 million TEU). Europe's largest container port, Rotterdam, handled 15.3 million TEU in 2021, 6.6 % more containers than in the previous year. In Antwerp, container throughput stagnated at 12 million TEU due to the pandemic.The ports of Bremen, on the other hand, recovered and handled 5.2 % more containers than in 2020.

Traffic in Germany by modes of transport

in %	**2021**	2020
Transport volumes	**2.1**	**- 3.5**
Road traffic	1.7	- 2.7
Railway traffic	6.3	- 8.2
Multi-modal traffic	6.4	- 4.5
Traffic performance	**4.6**	**- 3.7**
Road traffic	4.5	- 2.2
Railway traffic	7.1	- 7.3
Multi-modal traffic	5.8	- 4.0

Source: Floating medium-term forecast for freight and passenger transport on behalf of the Federal Ministry of Transport and Digital Infrastructure, November 2021

The most recent estimates from November 2021 – when the effects of the fourth coronavirus wave could not yet be fully foreseen – indicate a noticeable catch-up effect in **all modes of freight traffic in Germany** for 2021 as a result of the macroeconomic upturn. Transport volumes are expected to be up by 2.1 % year-on-year, while traffic performance – transport volume multiplied by the distance travelled – is likely to rise by as much as 4.6 %. The renewed increase is reflected across all modes of transport. Road transport volumes are likely to have been 1.7 % higher than in the previous year. The growth in traffic performance is expected to be even stronger with a year-on-year increase of 4.5 %. Rail transport volumes are likely to achieve robust growth of 6.3 %. Traffic performance will probably rise by an even more significant 7.1 %. Robust growth is also expected for intermodal transport. Volumes are forecast to be 6.4 % up and performance 5.8 % up on the previous year.

Course of business and economic situation

Key figures

in € million	**2021**	2020	Change
Revenue	1,465.4	1,299.8	12.7 %
EBITDA	406.7	289.4	40.5 %
EBITDA margin in %	27.8	22.3	5.5 pp
EBIT	228.2	123.6	84.7 %
EBIT margin in %	15.6	9.5	6.1 pp
Profit after tax and minority interests	112.3	42.6	163.9 %
At-equity earnings	4.4	3.6	20.8 %
ROCE in %	10.6	5.9	4.7 pp

Overall view of the course of business

Despite the ongoing coronavirus pandemic, the HHLA Group made good progress in 2021. There were no other particular events or transactions during the reporting period, either in HHLA's operating environment or within the Group, that had a significant impact on its results of operations, net assets and financial position.

The guidance for 2021 given in the 2020 Annual Report was already raised for container transport and revenue of the Port Logistics subgroup and Group on publication of the half-year results. In October, the expectation for the financial year 2021 was adapted for almost all key figures. The revenue development for the Port Logistics subgroup and the Group was concretised to a range of € 1,410 million and € 1,450 million respectively (previously: significant increase in each case). Group EBIT was raised to around € 205 million (previously: € 153 to 178 million) and EBIT for the Port Logistics subgroup to around € 190 million (previously: € 140 to 165 million). Capital expenditure was also adjusted from the previous range of € 250 to 280 million in the Group to around € 200 million as a result of delays to planned investments in assets.

While container throughput at the end of the year was only slightly up on the previous year (expected: moderate increase), all other key figures confirmed or exceeded the most recent forecast.

Forecast and actual figures

in € million	Actual 31.12.2020	Forecast 25.03.2021	Forecast 12.08.2021	Forecast[1] 20.10.2021	**Actual 31.12.2021**
Container throughput in thousand TEU	6,776	moderate increase	moderate increase	moderate increase	6,943
Container transport in thousand TEU	1,536	moderate increase	significant increase	significant increase	1,690
Group revenue	1,299.8	moderate increase	significant increase	in the range of € 1.450 million	1,465.4
thereof Port Logistics subgroup	1,269.3	moderate increase	significant increase	in the range of € 1.410 million	1,435.8
thereof Real Estate subgroup	38.1	slight increase	slight increase	prior-year level	38.1
Group EBIT	123.6	from € 153 to 178 million	from € 153 to 178 million	in the range of € 205 million	228.2
thereof Port Logistics subgroup	110.3	from € 140 to 165 million	from € 140 to 165 million	in the range of € 190 million	212.6
thereof Real Estate subgroup	12.9	prior-year level	prior-year level	prior-year level	15.3
Group investments	196.3	from € 250 to 280 million	from € 250 to 280 million	in the range of € 200 million	231.6
thereof Port Logistics subgroup	178.7	from € 220 to 250 million	from € 220 to 250 million	in the range of € 175 million	207.4

1 The forecast on investments was substantiated on 10 November 2021 with the interim statement January to September 2021

At the end of the reporting period on 31 December 2021, HHLA's economic and financial position proved to be stable in the 2021 financial year. The equity ratio rose by 3.3 percentage points to 25.2 % (previous year: 21.9 %). The gearing ratio changed significantly from 5.1 to 3.6. There were no further refinancing needs as of the balance sheet date.

Notes on the reporting

The development of long-term interest rates led to an increase in the relevant interest rate used to calculate pension provisions. Provisions for pensions decreased correspondingly, while equity increased due to the reduction in actuarial effects brought about by interest rates. During the reporting year, HHLA acquired 50.01 % of shares in Piattaforma Logistica Trieste S.r.l., Trieste, Italy (renamed HHLA PLT Italy S.r.l.). The company was included in HHLA's consolidated group for the first time as a fully consolidated company on 31 March 2021 and assigned to the Container segment. In addition, 80.0 % of shares in Mülheim an der Ruhr-based iSAM AG and its three subsidiaries were also acquired. The companies were included in HHLA's consolidated group for the first time as fully consolidated companies on 31 March 2021 and assigned to the Logistics segment.

Due to the high level of flexibility required in the sector, handling and transport services are not generally ordered or guaranteed months in advance. Consequently, an order backlog and order trends do not serve as reporting indicators as they do in other industries.

The 2021 consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) applicable in the European Union, taking into consideration the interpretations of the International Financial Reporting Interpretations Committee (IFRIC). The Group management report was prepared in line with the requirements of German Accounting Standard no. 20 (GAS 20).

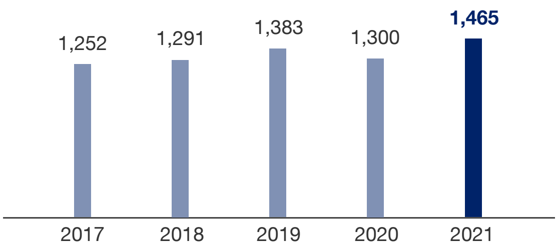
Earnings position

There was an increase in HHLA's **performance data** in 2021. Container throughput increased slightly by 2.5 % compared with the previous year to 6,943 thousand TEU (previous year: 6,776 thousand TEU). This was largely due to the positive development of cargo volumes in the Far East and North and South America shipping regions, as well as the acquisition of an additional feeder service for the Baltic region in September 2021. At the three Hamburg terminals, the increase amounted to 2.2 %. At the international terminals, however, the increase was significant. Transport volumes increased year-on-year by 10.0 % to 1,690 thousand TEU (previous year: 1,536 thousand TEU). This increase was exclusively due to rail transport. Road transport remained on a par with the previous year in a persistently challenging market environment.

Against this background, HHLA Group **revenue** rose by 12.7 % during the reporting period to € 1,465.4 million (previous year: € 1,299.8 million). In addition to the development of performance data, this strong increase was also caused by a temporary spike in storage fees due to ongoing ship delays. The listed Port Logistics subgroup developed almost exactly in line with the HHLA Group as a whole. Its Container, Intermodal and Logistics segments recorded an overall increase in revenue of 13.1 % to € 1,435.8 million (previous year: € 1,269.3 million). Revenue in the non-listed Real Estate subgroup remained unchanged at € 38.1 million (previous year: € 38.1 million). The Real Estate subgroup thus accounted for 2.0 % of Group revenue.

Revenue

in € million



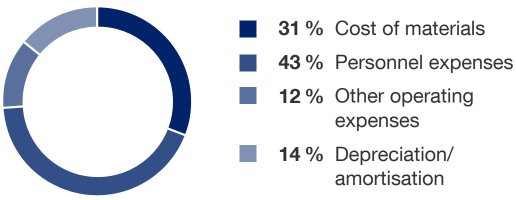
In the reporting period, **changes in inventories** amounted to € 3.1 million (previous year: € 0.1 million). **Own work capitalised** decreased to € 4.2 million (previous year: € 4.6 million).

Other operating income rose slightly by 2.2 % to € 51.9 million (previous year: € 50.8 million).

Operating expenses increased significantly by 5.3 % to € 1,296.4 million (previous year: € 1,231.7 million). Whereas the cost of materials and depreciation and amortisation rose significantly, there was a strong increase in other operating expenses. By contrast, personnel expenses rose only slightly.

Expense structure

Operating expenses in 2021: € 1,296 million



Compared to the previous year, the **cost of materials** increased significantly by 6.8 % to € 404.8 million (previous year: € 379.1 million). The decrease in the cost of materials ratio to 27.6 % (previous year: 29.2 %) was partly due to the disproportionately strong increase in revenue in relation to the performance data.

Personnel expenses rose by 1.2 % to € 554.4 million (previous year: € 548.1 million). In addition to increased union wage rates and the acquisitions made, this was due to volume growth in rail transport and additional container handling due to the increased storage load at the container terminals. Additional provisions for restructuring measures in connection with the implementation of a future programme to boost efficiency in the Container segment were made during the course of the year. The resulting expense, however, was much lower than the corresponding amount in the previous year. As a result, the personnel expense ratio declined strongly to 37.8 % (previous year: 42.2 %).

Other operating expenses increased strongly by 14.4 % to € 158.7 million (previous year: € 138.7 million) during the reporting period. This was partly due to increased consultancy services in connection with the transformation of the Container segment. The ratio of expenses to revenue amounted to 10.8 % (previous year: 10.7 %).

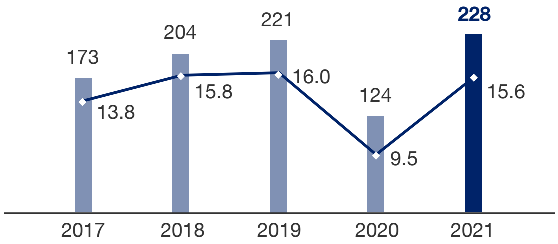
Against the background of these developments, the **operating result before depreciation and amortisation (EBITDA)** rose by 40.5 % to € 406.7 million (previous year: € 289.4 million). There was a correspondingly strong increase in the EBITDA margin to 27.8 % (previous year: 22.3 %).

Depreciation and amortisation rose significantly by 7.6 % year-on-year, amounting to € 178.5 million (previous year: € 165.8 million). In addition to a further valuation allowance for goodwill attributable to Bionic Production GmbH, this item was influenced by investments in additional handling equipment, transport vehicles and block storage systems at the Hamburg container terminals, as well as the expansion of operations in rail transport and the launch of the container terminal operations in Trieste.

The **operating result (EBIT)** rose strongly by 84.7 % to € 228.2 million in the reporting period (previous year: € 123.6 million). The main factors driving this trend are the development of performance data, a temporary spike in revenue from storage fees as a result of ongoing ship delays and a significant year-on-year decrease in allocations to the restructuring provision relating to the implementation of an efficiency programme in the Container segment. At 15.6 %, the EBIT margin was much higher than in the previous year (previous year: 9.5 %). In the Port Logistics subgroup, EBIT grew by 92.7 % to € 212.6 million (previous year: € 110.3 million). As a result, it accounted for 93.2 % (previous year: 89.3 %) of the Group's operating result in the reporting period. In the Real Estate subgroup, EBIT rose by 18.0 % to € 15.3 million (previous year: € 12.9 million). This accounted for 6.8 % of the Group's operating result (previous year: 10.7 %).

Operating result (EBIT)

in € million, EBIT margin in %



Net expenses from the **financial result** increased by € 12.1 million or 49.5 % to € 36.6 million (previous year: € 24.5 million). This was mainly due to an expense from the revaluation of a settlement liability for the profit transfer of a subsidiary with minority shareholders amounting to € 10.1 million (previous year: income of € 5.9 million).

At 30.6 %, the Group's **effective tax rate** was higher than in the previous year (previous year: 25.2 %).

Profit after tax and minority interests increased by 163.9 % year-on-year to € 112.3 million (previous year: € 42.6 million). Non-controlling interests accounted for € 20.6 million in the 2021 financial year (previous year: € 31.6 million). From a financial point of view, this item includes the earnings mentioned in relation to the financial result associated with revaluing the settlement obligation to a minority shareholder. **Earnings per share** rose by 163.9 % to € 1.50 (previous year: € 0.58). The listed Port Logistics subgroup achieved a 192.3 % increase in earnings per share to € 1.43 (previous year: € 0.50). Earnings per share of the non-listed Real Estate subgroup were also up on the prior-year figure at € 3.41 (previous year: € 2.70). As in the previous year, there was no difference between basic and diluted earnings per share in 2021. The return on capital employed (ROCE) was up 4.7 percentage points year-on-year at 10.6 % (previous year: 5.9 %). Corporate and value management

As in the previous year, HHLA's **appropriation of profits** is oriented towards the development of the HHLA Group's earnings in the financial year ended. The distributable profit and HHLA's stable financial position form the foundation of the company's consistent profit distribution policy.

On this basis, the Executive Board and Supervisory Board will propose at the Annual General Meeting on 16 June 2022 the distribution of a cash dividend of € 0.75 per entitled, **listed class A share** (previous year: € 0.45). As in the previous year, the Executive Board and Supervisory Board will propose a cash dividend of € 2.10 per **non-listed class S share**. The sum to be distributed for class S shares would thus amount to € 5.7 million.

Financial position

Balance sheet analysis

Compared to the previous year, the HHLA Group's **balance sheet total** increased by a total of € 210.8 million to € 2,801.9 million as of 31 December 2021.

Balance sheet structure

in € million	**31.12.2021**	31.12.2020
Assets		
Non-current assets	2,294.0	2,150.9
Current assets	507.9	440.2
	2,801.9	**2,591.1**
Equity and liabilities		
Equity	705.2	567.0
Non-current liabilities	1,730.2	1,724.7
Current liabilities	366.5	299.4
	2,801.9	**2,591.1**

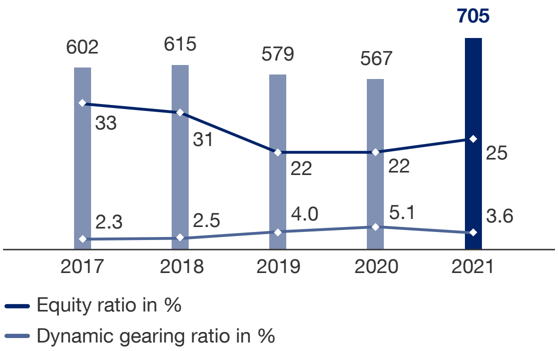
On the assets side of the balance sheet, **non-current assets** rose by € 143.1 million. The change was mainly due to an increase in property, plant and equipment, resulting from the first-time consolidation of the new companies as well as from capital expenditure. Depreciation, amortisation and write-downs had an opposing effect on property, plant and equipment.

Current assets increased by € 67.6 million to € 507.9 million (previous year: € 440.2 million). The rise resulted mainly from an increase in cash and cash equivalents and short-term deposits of € 28.7 million to € 155.5 million (previous year: € 126.9 million) as well as an increase in trade receivables of € 21.4 million to € 188.3 million (previous year: € 166.9 million).

On the liabilities side, **equity** rose by € 138.2 million compared to year-end 2020, to € 705.2 million (previous year: € 567.0 million). The increase was mainly due to the positive result for the reporting period of € 132.9 million and a contribution in kind as part of a capital increase from scrip dividend rights in subscribed capital and capital reserves. The interest-related change in actuarial gains including tax effects outside profit or loss and the rise in non-controlling interests as a result of the first-time consolidation of the new companies also contributed to the increase in liabilities. There was an opposing effect from the distribution of dividends and the reclassification to financial liabilities of the potential obligation from a put option in connection with the first-time consolidation of HHLA PLT Italy. The equity ratio increased to 25.2 % (previous year: 21.9 %).

Equity

in € million



Non-current liabilities rose by € 5.5 million to € 1,730.2 million (previous year: € 1,724.7 million). The increase was mainly the result of the € 55.0 million increase in non-current financial liabilities. The decrease in pension provisions of € 41.8 million had an opposing effect.

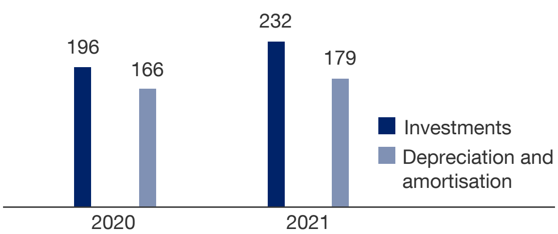
The rise in **current liabilities** of € 67.1 million to € 366.5 million (previous year: € 299.4 million) is primarily a result of the increase in current financial liabilities, current liabilities to related parties, trade payables and other non-financial liabilities.

Investment analysis

Capital expenditure in the 2021 financial year totalled € 231.6 million (previous year: € 196.3 million). This figure includes additions of € 43.4 million from rights of use (rent and leases) not recognised as a direct cash expense (previous year: € 7.7 million). Capital expenditure focused on extending the Hamburg container terminals and expanding intermodal transport capacities. Investment projects were funded by the operating cash flow generated in the financial year.

Investments, depreciation and amortisation

in € million

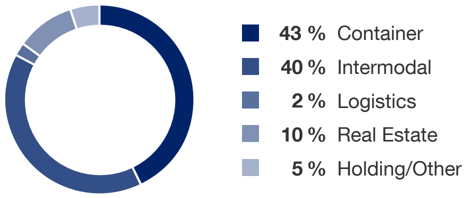


Property, plant and equipment accounted for € 197.8 million (previous year: € 167.6 million) of capital expenditure, while intangible assets accounted for € 11.0 million (previous year: € 7.9 million) and investment property for € 22.8 million (previous year: € 20.8 million).

Investments amounting to € 100.5 million were made in the **Container segment** (previous year: € 85.9 million). Capital expenditure was dominated by the procurement of handling equipment and storage capacities at the Hamburg container terminals. Investments in the **Intermodal segment** amounted to € 93.4 million (previous year: € 82.7 million). The METRANS Group accounted for most of this capital expenditure, investing mainly in wagons and locomotives as well as in the development of existing and new hinterland terminals. Capital expenditure in the **Logistics segment** amounted to € 4.8 million (previous year: € 7.0 million). The **pro forma Holding/Other segment** invested a total of € 8.8 million (previous year: € 5.2 million). Capital expenditure in the **Real Estate segment** of € 24.2 million (previous year: € 17.7 million) was mainly for the development of the Speicherstadt historical warehouse district.

Capital expenditure by segment

Capital expenditure 2021: € 232 million



Investments in the Container segment focus on enhancing the productivity of existing terminal areas by using state-of-the-art handling technology and developing berth places for the trend in ship sizes. Meanwhile, in the Intermodal segment, investments are focused on acquiring sufficient wagons and locomotives to meet rising transport volumes while also improving the performance and range of its hinterland connections.

As of year-end, there were other financial liabilities for outstanding purchase commitments totalling € 128.3 million (previous year: € 125.0 million). This figure includes € 122.6 million (previous year: € 85.0 million) for the capitalisation of property, plant and equipment.

Liquidity analysis

Cash flow from operating activities rose year-on-year from € 291.2 million to € 315.9 million. This increase of € 24.7 million is mainly attributable to a year-on-year rise in EBIT of € 104.6 million. There was an opposing effect from the year-on-year increase in income tax expenses of € 40.0 million, the year-on-year decrease in provisions of € 34.4 million and the change in trade receivables and other assets by € 27.0 million.

Cash flow from investing activities (outflow) of € 227.4 million was above the prior-year figure of € 177.3 million. This € 50.1 million increase in cash outflow was mainly the result of payments for short-term deposits (previous year: proceeds) and the year-on-year increase in payments for the acquisition of shares in consolidated companies.

Free cash flow – the total cash flow from operating and investing activities – decreased to € 88.5 million (previous year: € 113.9 million).

Cash flow from financing activities (outflow) amounted to € 84.9 million in the reporting period (previous year: € 150.9 million), down € 66.0 million on the previous year. This was primarily due to new long-term financial loans taken out in the reporting period, lower payments for the redemption of financial loans than in the previous year and lower payments of profit shares to non-controlling shareholders and shareholders of the parent company.

The HHLA Group had sufficient liquidity as of year-end 2021. There were no liquidity bottlenecks in the course of the financial year. **Financial funds** totalled € 173.0 million as of 31 December 2021 (31 December 2020: € 168.8 million). Including all short-term deposits, the Group's **available liquidity** as of year-end 2021 came to a total of € 238.0 million (previous year: € 208.8 million).

Liquidity analysis

in € million	2021	2020
Financial funds as of 01.01.	**168.8**	**208.0**
Cash flow from operating activities	315.9	291.2
Cash flow from investing activities	- 227.4	- 177.3
Free cash flow	**88.5**	**113.9**
Cash flow from financing activities	- 84.9	- 150.9
Change in financial funds	3.6	- 37.0
Change in financial funds due to exchange rates	0.6	- 2.2
Financial funds as of 31.12.	**173.0**	**168.8**
Short-term deposits	65.0	40.0
Available liquidity	238.0	208.8

Financing analysis

Financial management at the HHLA Group is handled centrally and serves the overriding objective of ensuring the Group's long-term financial stability and flexibility. Group clearing pools the Group's financial resources, optimises net interest income and substantially reduces dependency on external sources of funding. Derivative financial instruments can be used to reduce the risk of changes in interest rates and, to a minor extent, to reduce currency and commodity price risks.

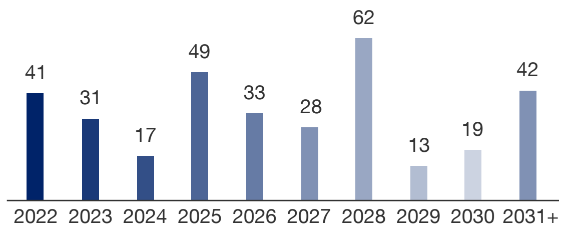
HHLA's business model is dominated by a large proportion of property, plant and equipment with long useful lives. For this reason, HHLA mainly uses medium- and long-term loans and leases to achieve funding with matching maturities. Pension provisions are also available for long-term internal financing.

At € 334.6 million as of the balance sheet date, **liabilities from bank loans** were above the prior-year figure of € 295.1 million. The Group drew on financing of € 34.0 million in the 2021 financial year (previous year: none). Payments for the redemption of loans totalling € 24.3 million in the reporting period were below the prior-year figure as a result of unscheduled repayments in the previous year (previous year: € 37.2 million). Due to the maturities agreed and its stable liquidity position, the company had no significant refinancing requirements.

As of the balance sheet date, liabilities from bank loans were denominated almost exclusively in euros. In terms of conditions, approximately 85 % have fixed interest rates and some 15 % have floating interest rates. As a result of borrowing, certain affiliates had covenants linked to key balance sheet figures. These mostly require a minimum equity ratio or compliance with a maximum gearing ratio. Covenants are currently in place for approximately 25 % of bank loans. These covenants were met at all agreed audit points throughout the reporting year.

Maturities of bank loans

by year and in € million



As of the balance sheet date, HHLA disclosed **non-current liabilities** to related parties totalling € 442.8 million (previous year: € 457.1 million), mainly resulting mainly from the recognition of the leasing liability to the Hamburg Port Authority (HPA).

The leases relate primarily to long-term agreements between the HHLA Group and either the Free and Hanseatic City of Hamburg or HPA for leasing land and quay walls in the Port of Hamburg and the Speicherstadt historical warehouse district.

Cash, cash equivalents and short-term deposits, the bulk of which is held centrally by the holding company, totalled € 155.5 million as of the balance sheet date (previous year: € 126.9 million). These funds are mainly invested at German financial institutions with verified high credit ratings as demand deposits, call money and short-term deposits. As of the balance sheet date, the Group had unused credit facilities amounting to € 9.8 million (previous year: € 54.3 million). The credit line utilisation rate amounted to 33.1 %. The decrease resulted from the termination of a € 50.0 million credit line taken out as a precaution and unused in the 2020 financial year. Of the total cash and cash equivalents, an amount of € 4.4 million as of the reporting date (previous year: € 3.7 million) was subject to restrictions in Ukraine relating to the transfer of currency abroad.

As HHLA has a large number of borrowing options at its disposal outside of the capital market, the Group currently sees no need for an external rating. Instead, it provides existing and potential creditors with comprehensive information to ensure that they can derive appropriate internal credit ratings. Furthermore, Deutsche Bundesbank once again confirmed the Group's eligibility for central bank finance.

Public subsidies awarded for individual development projects that are subject to specific conditions are of minor importance in terms of their volume at Group level.

Acquisitions, disposals and other changes to the consolidated group

On 28 September 2020, HHLA International GmbH, Hamburg, signed a shareholding and partnership agreement for the acquisition of 50.01 % of shares in Piattaforma Logistica Trieste S.r.l., Trieste, Italy (PLT). The company was renamed HHLA PLT Italy S.r.l. on 7 January 2021. The object of the company is the planning, construction, maintenance and management of the logistics platform between Scalo Legnami and the former Italsider steelworks in the port centre of Trieste. Among other things, this includes conducting operations as a port company, storing materials and goods on behalf of third parties and the promotion, organisation, management and marketing of all services in connection with the exchange of goods, particularly intermodal exchange by ship, train and overland transport and the use of terminals that are equipped for goods transport and logistics of all kinds. The company was assigned to the Container segment.

With the shareholding and partnership agreement of 16 December 2020, HHLA AG acquired 80.0 % of shares in iSAM AG, Mülheim an der Ruhr, and its three subsidiaries. The object of the company is the development and distribution of IT software and the distribution of IT hardware; consultancy on the development of internal IT concepts, the design and implementation of system solutions, as well as consultancy, development and production with regard to automation concepts in manufacturing, trading and service companies. The company was assigned to the Logistics segment.

With the partnership agreement of 14 December 2020 and a name change, HHLA AG set up the company HHLA Digital Next GmbH, based in Hamburg. The company's objective is the development, spinning off, shareholding or acquisition, maintenance, administration and disposal of companies or participating interests in the fields of transport and logistics, particularly start-ups in the field of "trade and transport tech". The company was assigned to the Logistics segment.

With the partnership agreement of 16 December 2021, METRANS a.s., Prague, Czech Republic, set up the company METRANS Zalaegerszeg Kft., based in Budapest, Hungary. The company's objective is the acquisition of a plot of land. The company was assigned to the Intermodal segment. Notes to the consolidated financial statements, no. 3 Composition of the Group

There were no other significant acquisitions, changes in shareholdings in subsidiaries or changes to the consolidated group in the 2021 financial year. For details of company acquisitions after the balance sheet date, please refer to Events after the balance sheet date.

Segment performance

Container segment

Key figures

in € million	2021	2020	Change
Revenue	841.9	737.5	14.2 %
EBITDA	256.7	160.4	60.0 %
EBITDA margin in %	30.5	21.7	8.8 pp
EBIT	155.3	65.4	137.4 %
EBIT margin in %	18.4	8.9	9.5 pp
Container throughput in thousand TEU	6,943	6,776	2.5 %

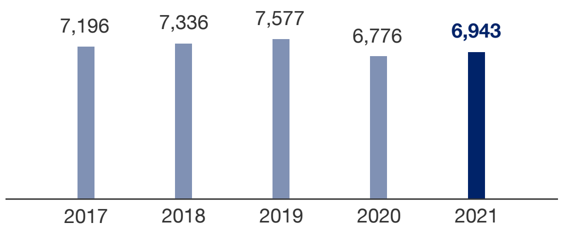
In the 2021 reporting year, there was a slight year-on-year increase in **container throughput** at **HHLA's container terminals** of 2.5 % on the whole to 6,943 thousand standard containers (TEU) (previous year: 6,776 thousand TEU).

At 6,328 thousand TEU, throughput volume at the three **Hamburg container terminals** was up 2.2 % on the prior-year figure (previous year: 6,193 thousand TEU). The positive development of cargo volumes was largely due to the Far East and North and South America shipping regions. This more than offset the pandemic-related volume shortfalls in the previous year and the loss of a Far East service in May 2020. Following a significant decline in volumes in the first quarter, the acquisition of an additional feeder service for the Baltic region in September 2021 led to a slight year-on-year increase in feeder traffic in the reporting period. The proportion of seaborne handling by feeders increased slightly to 20.4 % in the reporting period (previous year: 20.2 %).

Throughput volumes at the **international container terminals** rose significantly by 5.3 % to 615 thousand TEU (previous year: 584 thousand TEU). Container throughput therefore slightly exceeded the pre-pandemic level of 2019 by 0.4 %. This is primarily due to volume growth in Odessa and Tallinn. Only RoRo ships were processed at the Trieste terminal up to the end of November 2021. Container handling started in December.

Container throughput

in thousand TEU



Segment **revenue** increased strongly year-on-year by 14.2 % to € 841.9 million for the 2021 financial year (previous year: € 737.5 million). The slight increase in volume of 2.5 % was significantly exceeded by the increase in average revenue. Revenue per container handled at the quayside rose strongly by 11.4 % year-on-year. This was due to a temporary spike in storage fees as a result of ongoing ship delays, some of which were extreme.

In addition to the pandemic-related delays in ship departures worldwide, the blocking of the Suez Canal in March also led to longer dwell times that boosted storage fees. Furthermore, the revenue from the Trieste container terminal was recognised for the first time during the reporting year.

EBIT costs increased slightly by 2.1 % year-on-year during the reporting period. In addition to the expected strong increase in project expenses for the efficiency programme, the additional expenses compared with the previous year were primarily attributable to the higher storage load, resulting in an increased use of both personnel and materials. Further burdens included additional provisions for the restructuring measures currently being implemented, increases in union wage rates, rising energy prices and start-up costs relating to the launch of container terminal operations in Trieste.

Against the backdrop of a rise in average revenue due to the spike in storage fees and the pandemic-related low comparative base of the previous year, and in spite of the above mentioned increase in expenses, the **operating result (EBIT)** more than doubled, rising by 137.4 % to € 155.3 million (previous year: € 65.4 million). The EBIT margin increased by 9.5 percentage points to 18.4 % and was thus slightly above the pre-pandemic level again (previous year: 8.9 % / 2019: 17.7 %).

In 2021, HHLA continued to invest in climate-friendly handling equipment. For example, HHLA Container Terminal Tollerort (CTT) took delivery of eight new hybrid transport vehicles and HHLA Container Terminal Burchardkai (CTB) took delivery of ten. These vehicles consume considerably less fuel than standard diesel-powered equipment. With the expansion and gradual retrofit of its block storage system, CTB also contributed to the ongoing efforts to modernise and enhance the efficiency of our terminals and made additional investments in ongoing improvements to the rail infrastructure to further boost the future of rail transport. HHLA Container Terminal Altenwerder (CTA) added further lower-emission, battery-powered automated guided vehicles (AGVs) to its fleet. Eleven more of these vehicles have been ordered and will be delivered in 2023. The energy infrastructure has also been expanded to accommodate these new vehicles. A total of 18 automatic charging stations will be available when the full AGV fleet goes into operation. Furthermore, the first battery-powered terminal tractor was put into operation. The findings from this pilot project will be used for the planned electrification of the entire tractor fleet. The international HHLA container terminals also invested in site expansion and the use of more energy-efficient equipment. For example, the container terminal in Tallinn acquired two container gantry cranes from CTB.

Intermodal segment

Key figures

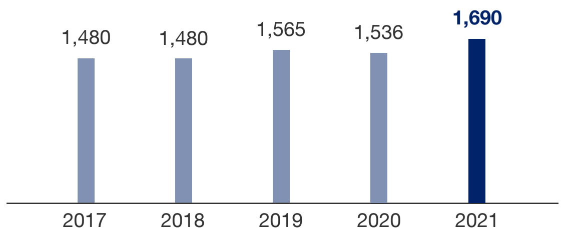
in € million	**2021**	2020	Change
Revenue	519.4	476.8	8.9 %
EBITDA	151.1	131.8	14.6 %
EBITDA margin in %	29.1	27.7	1.4 pp
EBIT	104.3	88.3	18.2 %
EBIT margin in %	20.1	18.5	1.6 pp
Container transport in thousand TEU	1,690	1,536	10.0 %

In the highly competitive market for container traffic in the hinterland of major seaports, HHLA's transport companies achieved significant volume growth in 2021. Container transport increased by 10.0 % to 1,690 thousand TEU (previous year: 1,536 thousand TEU). Rail continued to benefit more than road from the recovery in freight volumes that began in the second half of 2020. Rail transport increased strongly by 12.8 % year-on-year to 1,379 thousand TEU (previous year: 1,222 thousand TEU). Growth in the third and fourth quarters was slower, however, due to the strong recovery in volumes already recorded in the prior-year quarters. The volume growth achieved over the year as a whole was due both to traffic with the North European ports and a strong increase in continental transport volumes. In a persistently challenging market environment, road transport volumes of 312 thousand TEU were on a par with the previous year (previous year: 314 thousand TEU). In contrast to the general recovery in volumes, transport volumes in the Hamburg area continued to decline.

At € 519.4 million, **revenue** rose by 8.9 % year-on-year (previous year: € 476.8 million). However, this increase failed to match the development in transport volumes: although the advantageous rail share of HHLA's total intermodal transportation rose from 79.6 % to 81.6 %, average revenue per TEU decreased slightly as a result of changes to the structure of freight flows.

Container transport

in thousand TEU



In light of the positive trend in volume and revenue, the **operating result (EBIT)** increased by 18.2 % to € 104.3 million in the reporting period (previous year: € 88.3 million). This figure includes a higher subsidy for route prices of € 11 million granted retroactively in the third quarter. At 20.1 %, the EBIT margin was 1.6 percentage points above the prior-year figure (previous year: 18.5 %).

HHLA continues to invest as needed in the expansion of its intermodal network. The decrease in route prices for German rail freight applied in mid-2018 is bolstering the development of the intermodal service portfolio. HHLA's rail subsidiary METRANS put seven new multi-system locomotives into operation during 2021. It now has approximately 130 shunters and locomotives, as well as a fleet of over 3,200 container wagons. The network consists of 17 terminals in the hinterland, of which five function as large hub terminals. Group overview/business activities

Logistics segment

Key figures

in € million	2021	2020	Change
Revenue	71.3	51.4	38.8 %
EBITDA	9.3	6.9	34.1 %
EBITDA margin in %	13.0	13.4	- 0.4 pp
EBIT	- 3.0	- 3.9	pos.
EBIT margin in %	- 4.2	- 7.5	pos.
At-equity earnings	3.9	3.4	13.7 %

The key financial figures for the Logistics segment include the vehicle logistics and consultancy divisions, as well as business activities with which HHLA aims to tap new growth fields. iSAM AG (including its three subsidiaries), an automation technology specialist, was included in the group of consolidated companies in the first quarter of 2021. The results from dry bulk and fruit logistics are included in at-equity earnings.

The consolidated companies reported **revenue** of € 71.3 million in the 2021 financial year, up 38.8 % on the prior-year figure (previous year: € 51.4 million). This was largely due to the newly consolidated automation technology division and strong revenue growth in vehicle logistics.

The **operating result (EBIT)** recorded a loss of € 3.0 million in the reporting period (previous year: € - 3.9 million). This was due to start-up losses in connection with new activities. The vehicle logistics division was able to strongly improve its result.

Revenues of those companies included in at-equity earnings rose strongly in total during the reporting period. **At-equity earnings** rose to € 3.9 million in the 2021 financial year (previous year: € 3.4 million).

Real Estate segment

Key figures

in € million	2021	2020	Change
Revenue	38.1	38.1	- 0.0 %
EBITDA	22.6	20.0	13.3 %
EBITDA margin in %	59.4	52.4	7.0 pp
EBIT	15.3	12.9	18.0 %
EBIT margin in %	40.0	33.9	6.1 pp

In the fourth quarter, Hamburg's office rental market confirmed its significant recovery trend of the previous quarters. According to Grossmann & Berger's latest market report, 490,000 m^2 of office space was let in 2021; 44.1 % up on the very weak and pandemic-related prior-year figure. By contrast, the vacancy rate in Hamburg increased slightly year-on-year to 3.8 % (previous year: 3.5 %).

HHLA's properties in the Speicherstadt historical warehouse district and the fish market area, which were much less affected by strong market fluctuations during the Covid-19 pandemic, continued to make steady progress in the fourth quarter with almost full occupancy. **Revenue** remained stable in 2021 and matched the previous year's figure at € 38.1 million. The revenue-based rent agreements, which due to the pandemic were only reactivated during the course of the year, and a planned revenue shortfall caused by the renovation of a property could be offset by increased rental income from individual properties.

With a moderate decrease in maintenance volumes, the cumulative **operating result (EBIT)** increased strongly by 18.0 % to € 15.3 million as of year-end (previous year: € 12.9 million). This was primarily due to other operating income from the correction in the previous year due to receivables written down in the course of the Covid-19 pandemic.

Events after the balance sheet date

On 21 September 2021, HHLA AG and COSCO SHIPPING Ports Limited (CSPL), a terminal operator and member of the COSCO Shipping Group listed on the Hong Kong stock exchange, signed an agreement regarding CSPL's strategic non-controlling interest of 35.0 % in HHLA Container Terminal Tollerort (CTT), a 100 % subsidiary of HHLA AG. The completion of the transaction is still subject to various conditions relating to competition law and foreign trade law (conditions precedent), which had not yet been met at the time these consolidated financial statements were approved by the Executive Board. HHLA AG's Supervisory Board has already approved the minority interest.

METRANS a.s, Prague, Czech Republic, acquired 100 % of the shares in CL EUROPORT Sp. z o.o. based in Malaszewicze, Poland, directly by means of a share purchase and transfer agreement dated 16 December 2021 and indirectly with the acquisition of the shares in CL EUROPORT s.r.o. based in Plzen, Czech Republic, by means of a share purchase and transfer agreement dated 16 December 2021. The company's purpose is to operate a container terminal offering intermodal services relating to the handling of container trains, road transport and container storage. The first-time consolidation of the companies took place on the acquisition date on 4 January 2022. The company will be assigned to the Intermodal segment. Both companies will be included in HHLA's group of consolidated companies as of 31 March 2022. Notes to the consolidated financial statements, no. 3 Composition of the Group

After the end of the reporting period, the conflict over the political future of Ukraine escalated dramatically. With the invasion by Russian troops on 24 February 2022, it must be assumed that the economic environment and economic development in Ukraine will deteriorate further. Moreover, the impact of the sanctions announced and possible retaliatory measures on the global economy cannot be determined with any certainty. As a result of the developments outlined above, effects may arise that could have a negative impact on the results of operations, net assets and financial position of the HHLA Group. The potential for future revaluations cannot be ruled out. Risk and opportunity report

HHLA is in a position to be able to bear these risks. The continued existence of the Group is therefore not at risk.

Business forecast

Macroeconomic environment

Following the pandemic-induced recession in 2020, the global economy returned to growth in 2021. More recently, however, the economic recovery suffered several setbacks, with the result that 2022 started on a slightly less positive footing. Infection rates and supply bottlenecks will continue to hamper macroeconomic activity in 2022, although their impact should gradually lessen as the year progresses. Signs of structural inflation are evident. It remains to be seen when the European Central Bank (ECB) will implement monetary policy measures so that the effects on further developments can be better assessed. According to the latest estimates of the International Monetary Fund (IMF) in January 2022, the **global economy** is set to expand by 4.4 % in 2022. This projection is 0.5 percentage points down on the previous forecast and reflects slower economic growth in the second half of 2021. Economic environment

Growth expectations for GDP

Growth expectation in %	**2022**	Trend vs. 2021
World	4.4	↘
Advanced economies	3.9	↘
USA	4.0	↘
Emerging economies	4.8	↘
China	4.8	↘
Russia	2.8	↘
Eurozone	3.9	↘
Central and Eastern Europe (emerging european economies)	3.5	↘
Germany	3.8	↗
World trade	6.0	↘

Source: International Monetary Fund (IMF); January 2022

The momentum of global trade will weaken somewhat in 2022 due to the slowing pace of economic growth. However, a renewed fall in demand and the expected weakening of the pandemic will help to reduce imbalances in global supply chains. According to IMF estimates, **global trade volumes** will rise by 6.0 % this year.

The outlook for the **economic regions of particular significance to HHLA** varies for 2022. The IMF expects economic growth in China to slow and has downgraded its updated economic outlook for the world's second-biggest economy by 0.8 percentage points to 4.8 % (as of January 2022). In particular, China's ongoing problems in its real estate sector, its zero-COVID policy and the slower than expected recovery in private consumption are restricting economic activity. By contrast, the recovery in oil-exporting countries like Russia is likely to continue as a result of high oil prices. At the same time, however, growth forecasts for the Russian economy were downgraded slightly due to poor harvests and an unexpectedly bad infection wave. In the emerging economies of Central and Eastern Europe, economic growth is expected to reach 3.5 %. A recovery of 3.6 % is anticipated for Ukraine in 2022, although this will depend not only on successfully bringing the pandemic under control but also on how the geopolitical conflict with Russia develops (IMF, October 2021).

Overall economic **activity in the eurozone** is being adversely affected by the current infection wave, uncertainties surrounding new virus variants and renewed measures to contain the spread, and is likely to decrease slightly in the winter quarters of 2021/2022. As infection rates fall, restrictions on movement are lifted and supply chains become increasingly robust, industrial value added is likely to gather momentum once again. Nevertheless, there will be a further delay in the anticipated full economic recovery. According to the most recent IMF estimates of October 2021, Estonian GDP is expected to achieve significant growth of 4.2 %. Italy's economic output will increase by 3.8 %. The IMF forecasts accelerated growth the German economy compared to 2021 (+3.8 %). However, this forecast was downgraded by 0.8 percentage points, primarily as a result of the export-driven economy's susceptibility to supply chain disruptions.

Sector development

The strength and speed of throughput growth as a result of the economic recovery, combined with ongoing shipping delays, led to heavy congestion at ports in 2021. Terminal operators had to contend with severely delayed, unscheduled ship calls, increasing container dwell times, bottlenecks in onshore transport chains and staff shortages due to coronavirus outbreaks. Supply chain disruptions and bottlenecks, particularly in outer ports, will continue to restrict the pace of throughput growth in 2022. The market research institute Drewry has therefore downgraded its forecast for **global container throughput** compared to September and now anticipates growth of 4.6 % for 2022 (previously: 8.2 %).

For **China,** the most important shipping region for the Port of Hamburg, Drewry expects an increase in container throughput of 4.8 % in 2022. The prospects for **European ports** indicate accelerated growth in 2022. Experts estimate that the shipping region Europe will grow by 6.0 % in the current financial year. The upturn is reflected in almost all European shipping regions; only the North-West European ports are likely to record slower throughput growth compared to 2021.

Expected container throughput by shipping region

Growth expectation in %	**2022**	Trend vs. 2021
World	4.6	↘
Asia as a whole	4.8	↘
China	4.8	↘
Europe as a whole	6.0	↗
North-West Europe	4.6	↘
Scandinavia and the Baltic region	7.6	↗
Western Mediterranean	6.8	↗
Eastern Mediterranean and the Black Sea	7.3	↗

Source: Drewry Maritime Research; December 2021

Considering the capacities available at container terminals in the North Range and the Baltic Sea, competition between ports is likely to remain fierce. Smaller ports like Wilhelmshaven, Zeebrugge and Dunkirk are benefiting from the bottlenecks at leading North Range ports caused by supply chain disruptions.

The situation on the container shipping market also remains tense. In the past, this situation was attributable to high order volumes from shipping companies and overcapacity built up over time in the container ship fleet. However, as a result of the significant economic imbalances caused by the pandemic, there are considerable capacity bottlenecks in the container shipping industry. The strong demand for transport has put ships and containers in short supply, prompting freight rates to spike, particularly on the spot market. Simultaneously, the punctuality of liner shipping companies has decreased noticeably.

The market research institute AXS Alphaliner expects that the fleet's total carrying capacity will rise to 26.0 million TEU in the forecast period. 185 ships with a carrying capacity of around 1.1 million TEU are scheduled for delivery in 2022. Of these, ten ships will be in the 18,000–24,000 TEU category.

In view of the unbroken trend towards larger ships and the resulting rise in container volumes per ship call, the pressure on terminals and hinterland transport systems will continue. These challenges are currently growing as a result of significantly disrupted container liner shipping around the world. Due to highly irregular ship calls, changes in rotations and port omissions, average ship call volumes are rising, resulting in more handling peaks and persistent pressure on ports and the entire logistics chain.

Expected freight traffic in Germany by modes of transport

Growth expectation in %	2022	Trend vs. 2021
Transport volumes	**3.1**	↗
Road traffic	3.0	↗
Railway traffic	4.2	↘
Multi-modal traffic	5.3	↘
Traffic performance	**3.7**	↘
Road traffic	3.5	↘
Railway traffic	4.8	↘
Multi-modal traffic	5.7	↘

Source: Floating medium-term forecast for freight and passenger transport on behalf of the Federal Ministry of Transport and Digital Infrastructure; November 2021

The most recent medium-term forecast for cargo and passenger transport in Germany issued by the Federal Ministry of Transport and Digital Infrastructure (BMVI) in November 2021 anticipates that the recovery of the entire German freight market will continue in 2022. The experts anticipate strong year-on-year growth in transport volumes across all modes of freight traffic. However, in terms of traffic performance – transport volume multiplied by distance travelled – the expected weakening of foreign trade is likely to be reflected in lower growth rates. With regard to road freight, transport volumes are expected to increase by 3.0 % and traffic performance by 3.5 % in 2022. With regard to rail freight, the exceptionally strong rise in dry bulk transportation will not be repeated in 2022. Growth in the volume of goods transported by rail will fall to 4.2 %, while traffic performance will also increase more slowly by 4.8 % in 2022. By contrast, intermodal traffic is expected to more or less maintain its momentum in the current year. Volumes will be up by 5.3 % and performance by 5.7 %.

Expected Group performance

Comparison with the forecast of the previous year

The forecast for 2021 published in the 2020 Annual Report was already upgraded for container transport and revenue of the Port Logistics subgroup and the Group on publication of the half-year results. In October, guidance for almost all key figures of the 2021 financial year was adjusted. In the wake of this, the forecast for revenue in the Port Logistics subgroup and the Group was updated to around € 1,410 million and € 1,450 million, respectively (previously: a significant increase for each). Group EBIT was raised to around € 205 million (previously: € 153 million to € 178 million) and EBIT for the Port Logistics subgroup to around € 190 million (previously: € 140 million to € 165 million). In addition, capital expenditure was reduced from between € 250 million and € 280 million at Group level to approximately € 200 million as a result of delays in planned additions to assets.

While there was only a slight year-on-year increase in container throughput at the end of the year (expected: moderate increase), all other key figures were in line with or exceeded the most recent guidance.

Expected earnings position

The escalation of the Russia-Ukraine conflict has intensified the uncertainties already affecting the general economic environment. For the HHLA container terminal in Odessa, which is directly affected by the war, it must be assumed that business activity will come to a standstill, at least temporarily. Future developments cannot be foreseen, as they depend on the overall situation in the region. We can also expect that the Russia-Ukraine conflict will have unforeseeable consequences for the economy in Europe and beyond, particularly as a result of the sanctions announced and possible retaliatory measures.

Due to the uncertainties described above, it is not currently possible to issue a reliable forecast. In HHLA's outlook for 2022, therefore, the anticipated volume and revenue trends are based on the currently foreseeable macroeconomic environment. In addition to the expectations for Container Terminal Odessa (CTO) explained above, storage fees in the Container segment are expected to normalise gradually over the course of the second half of the year. Figures for expected EBIT are presented in ranges wide enough to reflect the foreseeable uncertainties stated above.

Potential effects on the valuation of CTO assets cannot be reliably measured at the time of issuing this forecast and have therefore not been taken into account. Course of business and economic situation; events after the balance sheet date; risk and opportunity report

In the **Port Logistics subgroup,** a moderate increase is expected for both container throughput and container transport compared to the previous year. All in all, a moderate year-on-year increase in revenue is expected. After the operating result (EBIT) in the 2021 financial year was positively impacted by the spike in storage fees and a higher subsidy for route prices granted retroactively, EBIT of between € 160 million and € 195 million for the Port Logistics subgroup is regarded as possible for the current financial year, given the existing risks. Within this range, it is possible that segment EBIT will decrease strongly in the Container segment and increase moderately in the Intermodal segment.

A moderate year-on-year increase in revenue and EBIT is expected for the Real Estate subgroup.

At **Group level,** HHLA expects to see a moderate increase in revenue and an operating result (EBIT) within a range between € 175 million and € 210 million.

Expected financial position

Based on the **liquidity** available as of 31 December 2021, HHLA assumes that it will have sufficient funds at all times to meet its payment obligations.

In order to further increase productivity and expand capacity in the Container and Intermodal segments, **capital expenditure** at Group level is expected to be in the range of € 300 million to € 350 million in 2022. The Port Logistics subgroup will account for € 270 million to € 320 million of this amount. The main focus of capital expenditure in the Container segment will be on the efficient use of existing terminal space at the Port of Hamburg and the expansion of foreign terminals. In the Intermodal segment, investments will focus on the expansion of the Group's own transport and handling capacities. The forecast for capital expenditure is subject to the condition that there are no unplanned delays in additions to assets due to material shortages or long-term disruption to supply chains. HHLA continues to consider the scalability of its capital expenditure and will adjust it – where necessary – to future economic developments in order to safeguard the financial stability of the Group.

HHLA will do everything in its power to protect the lives and well-being of all its employees in Ukraine. A further area of focus for the management is on protecting the health of employees, as well as maintaining all systems that play a key role in the critical infrastructure of the Container and Intermodal segments.

HHLA remains committed to its results-oriented **dividend policy,** which aims to pay out between 50 % and 70 % of annual net profit after minority interests in the form of dividends.

Risk and opportunity report

Management of risks and opportunities

All commercial activities inevitably entail both risks and opportunities. HHLA believes that the effective management of risks and opportunities is a significant success factor for the sustainable enhancement of enterprise value.

Managing risks and opportunities is a key component of the HHLA Group's management strategy. The planning and controlling process, the reporting system and the boards of the Group's affiliates are all cornerstones of this risk and opportunity management system. At regular business development meetings, HHLA's Executive Board discusses strategy, targets and control measures, with due consideration of the risk and opportunity profile.

HHLA's risk and opportunity management system fosters a keen awareness of dealing with corporate risks and opportunities. It aims to identify risks in good time and take steps to manage or avert them while exploiting opportunities and preventing situations that could jeopardise the continued existence of the HHLA Group. An important element of the system is the promotion of entrepreneurial thinking and independent, responsible action.

Risk and opportunity management system

The risk and opportunity management system is an essential part of HHLA's corporate governance system. Its structure is based on the international risk management standard "COSO Enterprise Risk Management (2013)". Key elements of the risk management system are: identifying, assessing, managing, monitoring and reporting risks; clear responsibilities for process participants (Executive Board and managers of affiliates, Internal Audit, Group Controlling); incorporating all majority shareholdings and companies consolidated using the equity method into the risk consolidation group. The Executive Board bears overall responsibility. Its members deal with and assess the risk management reports on a quarterly basis.

Risks are catalogued regularly in the course of the annual planning process. All identified risks are described clearly and classified according to defined risk areas.

Categorisation of the probability of occurrence

< 25 %	≥ 25 %	≥ 50 %	≥ 75 %
unlikely	possible	likely	most likely

Categorisation of the damage amount

Equity of the Group (capability)				
< 1 %	< 5 %	< 10 %	< 25 %	≥ 25 %
not significant	medium	significant	massive	threatening

Risks are categorised by the likelihood of their occurrence and the scale of the potential damage. This reflects the anticipated reduction of the operating result or cash flow before taxes if the risk were to materialise.

Risks are assessed in the context of the existing circumstances or a realistic projection. In addition to estimates and economic or mathematical/statistical inferences, sensitivities derived from planning can be used as a basis for assessment. The Group's affiliates, divisions and corporate staff departments regularly coordinate with the central Risk Management unit of the holding company to ensure that all identified risks are mapped and assessed consistently throughout the Group.

After identifying and assessing the risk, the company then defines control measures aimed at reducing the likelihood of its occurrence and/or the loss or damage. A distinction is made between the gross risk (excluding measures) and the net risk (including measures). Based on the provisions of the German Act to Strengthen Financial Market Integrity (FISG) with regard to the appropriateness and effectiveness of risk management systems, specific details emerge when systematically examining the effectiveness of risk management measures.

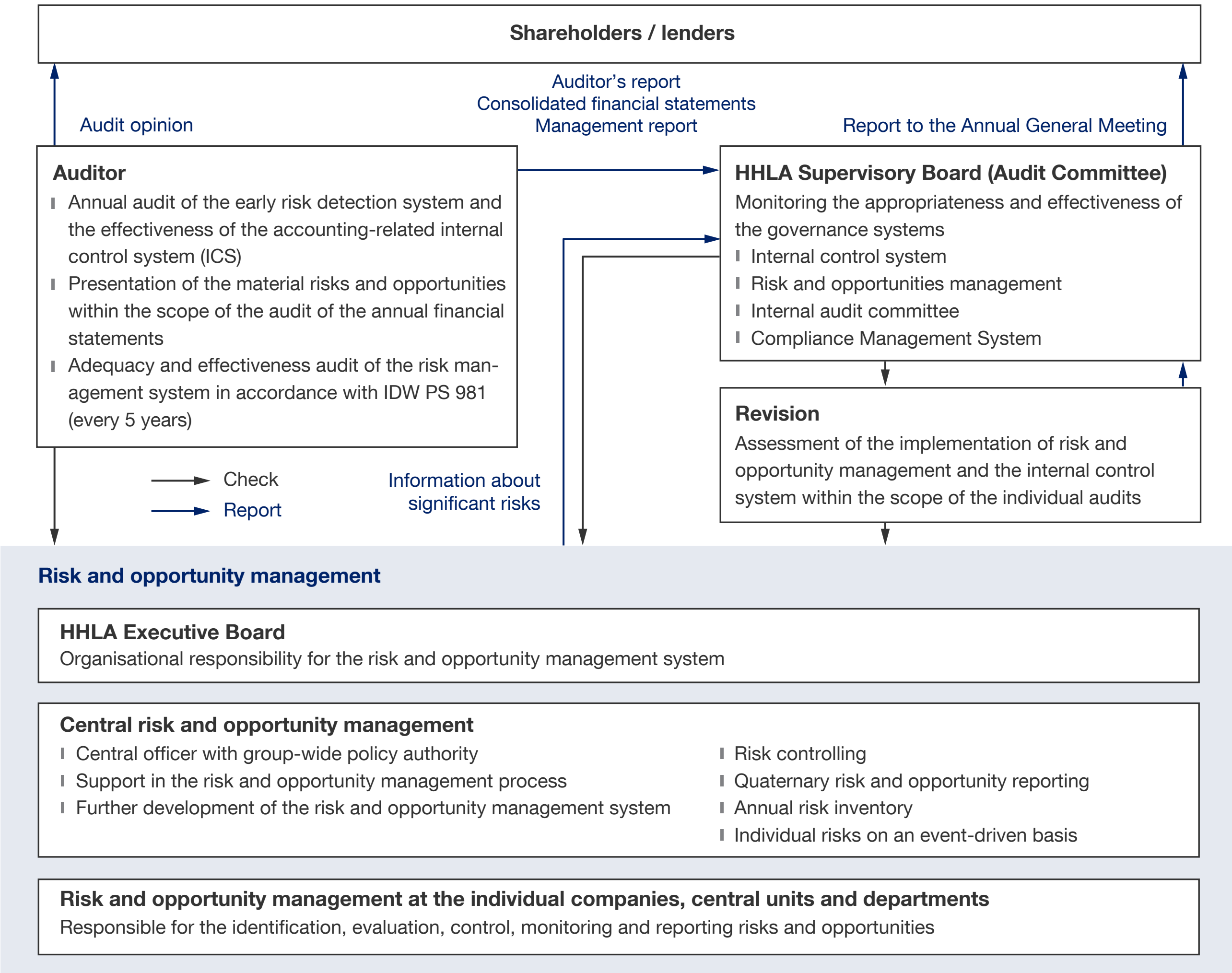
This is followed by systematic risk aggregation to calculate the Group's risks. Compared with the previous year, the systematisation was enhanced as part of the capability analysis.

Risks are monitored continuously and any significant changes are reported and documented on a quarterly basis. Additional ad hoc reports are issued whenever material risks emerge, cease to apply, or change. Risks are reported using standard Group-wide reporting formats in order to ensure a consistent overall picture of current risks.

Opportunity management is comparable to the risk management process. Opportunities are systematically identified and measures developed in an annual planning process. When opportunities are identified, there is no requirement for them to be quantified. Opportunity management focuses on the monitoring and analysis of individual markets and on the early recognition and assessment of trends as a means of identifying opportunities. This includes developments affecting the overall economy or individual sectors as well as regional and local trends. The affiliates' responsibilities include identifying strategic opportunities in their core markets. HHLA's Executive Board defines the strategic framework for this objective, for example in the form of strengthening our core business and tapping additional growth areas. When planning, managing and controlling strategic projects for a specific segment or all segments, the Executive Board of HHLA primarily uses the proprietary resources of the holding company.

The most important elements of the risk and opportunity management system and risk and opportunity reporting are described in a corporate guideline.

Risk and opportunity management and the internal control system for accounting



Accounting-related internal control system

Structure of the system

HHLA's internal control system is designed to ensure that the (financial) reporting processes used throughout the company are consistent, transparent and reliable. Furthermore, it makes sure they comply with legal standards and the company's own guidelines. It comprises principles, procedures and methods designed to reduce risk and ensure the effectiveness and propriety of HHLA's processes.

The internal control system is regularly monitored and assessed according to documented processes, risks and controls. It therefore ensures transparency with regard to its structure and functionality for the purposes of internal and external reporting.

HHLA's internal accounting control system and risk and opportunity management are based on the criteria set out in the "Internal Control – Integrated Framework" working paper published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Accounting processes are assessed to determine whether there is a risk posed to the existence, completeness, accuracy, valuation, ownership and reporting of transactions. The company also conducts a risk assessment regarding the possibility of fraud. Concluding unusual or complex transactions can lead to specific accounting risks. There is also a latent risk of error when processing non-routine transactions. Employees are by necessity given a certain amount of leeway when recognising and measuring balance sheet items, which can give rise to further risks.

Appropriate and effective controls are intended to reduce accounting risks and make sure that transactions are documented, recorded, processed and assessed correctly in the balance sheet, as well as being quickly and correctly adopted in financial reporting. Controls are in place for all accounting processes.

The Internal Audit department is responsible for monitoring HHLA's internal control system for its accounting processes by means of individual audits. The external auditor also assesses the effectiveness of the accounting-related internal control system, primarily by carrying out spot checks.

The internal control and risk and opportunity management systems for accounting will always have certain limitations, regardless of how carefully they are designed. For this reason, it is impossible to fully guarantee that accounting standards will always be met or that every incorrect statement will always be avoided or identified.

Significant regulations and controls

Accounting tasks and functions are clearly defined within the Group. There is a clear functional demarcation between accounts payable and accounts receivable as well as the preparation of separate financial statements and the preparation of consolidated financial statements. There is also a clear demarcation between these departments and the respective segment accounting. Separating execution, settlement and authorisation functions and giving these responsibilities to different members of staff reduces the risk of fraud. Multi-stage approval and authorisation thresholds for ordering, payment transactions and accounting are employed across the Group. These include using the double-checking principle. There is a single accounting manual that covers the consistent application and documentation of accounting rules for the entire Group. Other accounting guidelines are also in place. Like the accounting manual, they are reviewed regularly and updated if necessary.

Most bookkeeping procedures are recorded using accounting systems developed by SAP. For the purpose of preparing HHLA's consolidated financial statements, affiliates add more information to their separate financial statements to form standardised report packages, which are then fed into the SAP ECCS consolidation module for all Group companies.

Measures are in place to protect the IT systems from unauthorised access. Access rights are granted in line with each user's role. Only those departments responsible for mapping transactions are given write access. Departments responsible for processing information use read access. The principles of function-related authorisations are defined in a set of SAP authorisation guidelines. These form part of a comprehensive IT security guideline, which regulates general access to the IT systems.

External service providers are used for pension reports, fiscal issues and for other reports and projects if necessary.

The specific formal requirements for the consolidation process pertaining to the consolidated financial statements are clearly defined. In addition to a definition of the consolidated group, there are also detailed rules requiring affiliates to use a standardised and complete report package. There are also specific provisions regarding the recording and handling of Group clearing transactions and subsequent balance reconciliations, or the determination of the fair value of shareholdings. As part of the consolidation process, the Group accounting team analyses the separate financial statements submitted by affiliates and corrects them if necessary. Incorrect information is identified and corrected as necessary using control mechanisms already defined in the SAP ECCS system or using system-based plausibility checks.

Independent monitoring

During their individual audits, Internal Audit reviews the risk management processes and the controls built into these processes. The Supervisory Board of HHLA focuses on the appropriateness and effectiveness of the risk management system, the internal control system, the compliance management system and the internal audit system. The external auditors assess the early risk identification and monitoring system on behalf of the Supervisory Board as part of their audit of the consolidated financial statements.

Overall assessment of risks and opportunities

The risks and opportunities for the HHLA Group reflect possible positive or negative deviations from the reported forecast.

The HHLA Group's risk position is principally characterised by market risks. Major factors influencing the risk and opportunity profile are the global economic trend – primarily with regard to the ongoing coronavirus pandemic – as well as ongoing geopolitical tensions and developments on the market and in the competitive environment. The development of these factors is monitored closely, and controllable costs and capital expenditure – where scalable – are adjusted flexibly in line with foreseeable developments. Furthermore, IT security risks are becoming increasingly relevant and are leading to the further ramping up of corresponding security measures. Risks arising from climate change, primarily in the form of extreme weather events, are also becoming increasingly significant.

The overview below summarises the individual material risks faced by the HHLA Group, classifies them according to risk areas and lists them in order of decreasing significance.

Ranking of HHLA Group's material risks

	Damage amount	**Probability of occurrence**	Trend vs. previous year
Market risks	significant	unlikely	→
Financial risks	medium	unlikely	↘
Other risks	medium	unlikely	→
IT risks	medium	unlikely	↗
Performance risks	not significant	possible	↗
Legal risks	not significant	unlikely	↗
Strategical risks	–	–	↓

Since the economic prospects and the assessment of customer- and competitor-related market risks are unpredictable, this description of risks and opportunities merely serves as a snapshot. Changes in the HHLA Group's risk and opportunity profile are regularly reported in the half-yearly financial report and – where material – in the interim statements for the first and third quarters.

The analysis of the risks and the capability of the Group indicates that there are no discernible risks at present that could jeopardise HHLA's continued existence. The Executive Board of HHLA is confident that it will be able to exploit any future opportunities while avoiding exposure to unacceptably high risks. The following section describes the material risks and opportunities identified at Group level, taking into account any measures which have been put in place. No other material risks have currently been identified, while those that do exist are largely insured against.

The escalation of the Russia-Ukraine conflict is leading to an increase in risks affecting business activities in Ukraine and overall global economic development. HHLA is in a position to be able to bear these risks. The continued existence of the Group is therefore not at risk.

Risks and opportunities

1. Market environment

Developments in container throughput, transport volumes and logistics services

The pace of growth in those economies whose flows of goods HHLA serves is a key precondition for the future development of container throughput, transport volumes and logistics services.

Following the recession prompted by the coronavirus pandemic in 2020, the global economy grew by 5.9 % in 2021. However, the recovery of the global economy increasingly faltered as the year progressed, with the result that 2022 started on a slightly less positive footing. According to the latest estimates of the International Monetary Fund (IMF) in January 2022, the global economy will expand by 4.4 % in 2022. This projection is 0.5 percentage points down on the previous forecast. This forecast is subject to a number of uncertainties: these include the effects of the ongoing coronavirus pandemic – especially disruptions to supply chains and the resulting imbalances in supply and demand – potential structural inflation and energy price increases in Europe caused by supply issues, geopolitical issues and climate policies, as well as the intensifying global economic and geopolitical tension, particularly due to the escalation of the Russia-Ukraine conflict since 24 February 2022.

Due to protectionist tendencies already evident from the trade conflicts between the US and China, for example, the future development of global trade flows remains uncertain. Further factors include additional or extended sanctions against Russia, as well as currency crises and the volatility of the oil and gas prices. Business forecast/macroeconomic environment

The growth forecast for China – the most important shipping region for the Port of Hamburg – was downgraded by 0.8 percentage points to 4.8 % compared with the last forecast for 2022. The main reasons for this are China's weaker real estate market, the effects of its zero-COVID-19 strategy and the slower than expected recovery in consumer spending. Economic environment

On the other hand, there are opportunities for a stronger volume trend in connection with the growth potential of Central and Eastern European economies such as Poland, the Czech Republic, Slovakia and Hungary, which use the Port of Hamburg for a not insignificant proportion of their intercontinental trade. Should the economic trend exceed expectations, prompting stronger volume growth, this could present an opportunity to profit from higher earnings by achieving economies of scale in handling and boosting volumes in downstream transport systems. However, the implications of the ongoing coronavirus pandemic continue to weigh against this at present. In view of the uncertainties surrounding the further progression of the coronavirus pandemic, these opportunities remain unlikely, even if the potential exists for the pandemic to end as COVID-19 becomes endemic. At the time of preparing this report, it was not possible to reliably assess a time frame for these developments. With Russia's attack on Ukraine on 24 February 2022, the crisis situation in Ukraine has escalated. Western sanctions against Russia are currently being tightened. Therefore, last year's opportunities of a gradual lifting of sanctions can be ruled out.

The market research institute Drewry recently downgraded its forecast for global container throughput for 2022 and now expects growth of 4.6 %. This estimate is also subject to increased uncertainty due to the ongoing disruptions to supply chains, the dangers of inflation and and currently escalated Russia-Ukraine conflict. The associated volume and capacity risks remain relevant for HHLA but are still classified as unlikely for the time being. Business forecast/sector development

Throughput and transport volumes in the markets of relevance for HHLA are monitored closely to ensure trends are recognised at an early stage. Where scalable, controllable costs and investments – e.g. for the further expansion of the container terminals – are adjusted in line with the foreseeable level of demand.

With the escalation of the Russia-Ukraine conflict, a (partial) loss of Russia-related transport and handling volumes in the Container and Intermodal segments is to be expected. Business forecast/Group performance

Competitive environment

The competitive environment on Europe's northern coast is characterised by fragmentation on the one hand and the increasing influence of shipping companies on terminals on the other. Competition remains fierce. Reliability and a high degree of quayside productivity, even under corona conditions, coupled with attractive container services and competitive prices are central to the active positioning of Hamburg's container terminals. Clear objectives for increased productivity and improved operating costs have been defined as part of the transformation process. These are to be implemented step by step up to 2025. Other factors affecting the terminal operators' competitive position are the ports' geographical location, the scope and quality of their hinterland links and their accessibility from the sea.

The fierce competition for container transport by rail remains high as a result of various observable market trends, such as plans announced by shipping companies and logistics firms to establish their own transport routes. For HHLA's intermodal subsidiaries, the risk of volume being re-routed and revenue being lost is therefore higher than in the previous year once again.

HHLA constantly improves its competitiveness by further enhancing its service quality and operational capabilities. Its ship handling activities focus primarily on increasing the efficiency of its handling services and addressing the increasing number of peak loads prompted by the handling of container mega-ships. HHLA is working on innovating its systems and optimising processes to further strengthen its position in handling technology. In the Intermodal segment, the reliability and punctuality of train connections, the scalability of the shuttle system, the expansion of the terminal network and a competitive cost base remain key prerequisites for the expected growth of rail transportation. Investments in its own hub terminals, such as the start of construction on another hub terminal in Hungary in September 2021, and the investment in the logistics company CL EUROPORT in Malaszewicze in early January 2022 will further strengthen the performance of HHLA's hinterland network.

In addition to this, regulatory measures may increase the competitiveness of rail transportation in the intermodal marketplace.

Customer structure

HHLA's shipping company customers operate in a tough competitive environment for container liner shipping. For years, it was assumed that this was mainly due to structurally related idle capacities and low freight rates. During the coronavirus pandemic and in view of the surge in demand in some shipping regions, there was strong competition for shipping capacities and a resulting spike in freight rates. HHLA's shipping customers benefited considerably from this trend and are currently reporting record results.

As a result, HHLA is still exposed to risks and opportunities from temporary or structural shifts in services between the North Range ports. As volumes per service and ship call increase with the use of ever-larger vessels, the impact on capacity utilisation at the seaport terminals also grows. The risks resulting from significant changes to the current service structure are higher than in the previous year and are considered possible.

In the field of ship handling, HHLA cooperates with many shipping companies on a neutral basis ("multi-user principle"). This enables HHLA to respond flexibly to changes in the container liner shipping sector. For CTT, the planned 35 % minority stake of CSPL –making Tollerort a preferred hub for COSCO traffic in Europe – can provide long-term planning and employment security. The approval of the federal authorities for this is still pending. In addition, HHLA aims to further enhance added value for its customers by expanding its mega-ship handling activities, continuing to develop the quality of its services and its operational capabilities, and optimising client-specific processes.

Depending on the customer structure, smaller affiliates may become reliant on individual clients. Various steps are taken to counteract this reliance, such as optimising service quality. At the same time, efforts are made to attract new clients.

Energy price increases

Fossil fuels are exposed to procurement price risks as a result of geopolitical factors and environmental policy measures. These risks can have an adverse effect on the earnings of the energy-intensive Container and Intermodal segments. The escalation of the Russia-Ukraine conflict increases the risk of rising energy prices. Business forecast/macroeconomic environment

HHLA is therefore taking steps to increase energy efficiency and pursuing a strategically focused procurement policy that favours electricity from climate-neutral production.

Traction/track costs

The HHLA companies operating in the Intermodal segment pay track fees to the national railway companies or network operators for their rail network usage and also purchase traction services.

As the rail infrastructure in Germany is largely publicly owned, various authorities monitor non-discriminatory access and carrier-neutral track fees. These authorities include the Federal Network Agency and the Federal Railway Authority in Germany and corresponding bodies abroad at EU level. In addition, decisions were taken by the German government in 2021 to cut track costs. Further measures will also be implemented in the coming years to increase the proportion of rail transport in the modal split. Any risks that the profitability of rail firms may be impaired by a track pricing policy that does not take a neutral approach to carriers and distorts competition, thereby potentially increasing traction/track costs, do not represent significant risks for HHLA at present. Risks and opportunities/1. Market environment; 3. Other risk and opportunity factors, 7. Strategic environment

To reduce the level of dependency on national railway companies for traction services and to enhance production quality, HHLA is further expanding its own facilities, rolling stock and locomotives in line with demand. Providing end-to-end transport services using the company's own operating assets guarantees high quality throughout the process chain. HHLA's objective is to offer its customers a logistics chain of unparalleled quality and reliability. This will further strengthen Hamburg's appeal: high-performance seaport terminals promote higher volumes in the hinterland, while intelligent transport systems with low-cost structures boost container flows at the port.

2. Financial risks

Impairment of investments

An economic trend that falls short of expectations may require adjustments to the valuation of assets. The high level of fixed costs associated with this business model, for example, means that it might not be possible to compensate fully for divergences in earnings caused by underutilised capacity in the short term if demand for HHLA's services fails to materialise as expected. HHLA regularly checks for any impairment of its assets and makes adjustments where necessary. The risk of the escalation of the Russia-Ukraine conflict having an impact on the earnings position and the financial position cannot be ruled out. In the interests of risk-adequate action, HHLA has taken account of corresponding risks by taking out insurance or federal guarantees where possible. The risk assessment continues to indicate a medium level of damage: this is due to consistently fierce competition at the Port of Hamburg, the typically limited ability to forecast the progress of new business activities of start-ups, the uncertain effects of the escalated Russia-Ukraine conflict and the rising discounting interest rates for impairment testing that have been prompted by inflation expectations. The likelihood of the risk materialising is regarded as possible.

Currency risks

As the bulk of HHLA's services are rendered within the eurozone, the majority of its invoices are issued in euros. The Intermodal and Logistics segments operate internationally, and a container terminal is operated in Ukraine. Invoicing here is based primarily on euros or dollars. Currency or transfer risks therefore result primarily from exchange rate fluctuations affecting Central and Eastern European currencies. It is therefore impossible to rule out the risk of a devaluation of the Ukrainian currency, the hryvnia, compared to the budget estimate, especially in view of the escalated Russia-Ukraine conflict. The corresponding exchange rate risks are subject to increased uncertainties in the course of the future development of the global coronavirus pandemic and in particular due to the escalation of the Russia-Ukraine conflict at the time of the report. There are also exchange rate risks related to the measurement of euro loans at companies which pay dividends in local currency. The extent of these risks is influenced by both the development of exchange rates and the development of the loan portfolio. At present, the risks are lower than in the previous year; in the medium term, however, the risks could increase again, in particular due to the planned expansion of Intermodal activities.

All HHLA companies that operate with foreign currencies reduce the risk of currency fluctuations by monitoring exchange rates regularly and, where possible, transferring free liquidity in local currency to hard-currency accounts.

Bad debt losses

Despite market uncertainty due to the coronavirus pandemic, the liquidity and earnings position of shipping companies improved in 2021. Risks and opportunities/1. Market environment

In the Container segment, the risk of customer insolvency – with the corresponding loss of throughput and receivables – is currently regarded as very unlikely. The corresponding risks are thus immaterial in the reporting period. As a result, the potential scale of damage due to the risk of bad debt losses has decreased considerably. However, as uncertainties remain with regard to further pandemic-related economic downturns, the development of bunker costs and volatile freight rates, this risk continues to be monitored.

As a result of the coronavirus pandemic, rent default risks have arisen and with them the risk of costs for any necessary modification or renovation of rented space for Logistics properties and in the Speicherstadt historical warehouse district. Rent deferrals are granted to help tenants get through times of economic hardship. HHLA is in close contact with its tenants in order to be able to adopt further measures quickly where necessary. It is therefore considered unlikely that this risk will materialise (previous year: possible).

HHLA uses credit checks to reduce del credere collection risks. Active receivables management is used to monitor compliance with contractually agreed payment deadlines.

Pension obligations

The monetary policy decisions of the European Central Bank may lead to a further reduction in the relevant interest rate used to calculate the present value of pension obligations. A reduction in the projected level may prompt a renewed increase in the actuarial loss, coupled with a fall in the equity ratio. In view of current interest rate developments, the risk assessment indicates a lower probability of a further reduction of the current interest rate level. As a result, the potential scale of damage has decreased strongly compared to the previous year. Against the backdrop of the coronavirus pandemic and its impact on monetary policy, the likelihood of the risk materialising is regarded as possible but unlikely. The risk assessment thus largely corresponds to that of the previous year. HHLA monitors interest trends so that it can adjust its provisions as necessary.

Please see the report on financial instruments in the notes to the consolidated financial statements for further details of downstream default risks, liquidity risks, interest and exchange rate risks, including risk mitigation measures and the management of these risks. Notes to the consolidated financial statements, no. 47 Management of financial risks

3. Other risk and opportunity factors

Flooding

As a result of the existing structural situation and the fact that HHLA's Hamburg port facilities and buildings necessarily operate close to water, there is a fundamental risk of storm surges. However, flood protection work undertaken by HHLA and the Free and Hanseatic City of Hamburg in previous years has reduced this risk considerably. The residual risk remains largely unchanged compared to the previous year.

Should this risk ever materialise, comprehensive emergency programmes have been put in place by public authorities and companies operating in the port, as well as in the Speicherstadt historical warehouse district, to minimise the potential damage. In addition, the risk of damage to property is sufficiently covered by insurance policies.

Extreme weather events

The number of extreme weather events around the world has risen as a result of climate change. Exceptionally severe storms or heavy rainfall may also damage port infrastructure and rail networks in Europe. Intermodal transport operations in particular may be adversely affected by the weather-related closure of track sections. A high level of flexibility is required with regard to operating equipment and personnel to maintain rail-based container transportation. Operations in the Intermodal segment are systematically geared towards ensuring that customers receive the agreed service level, even in challenging weather conditions. Temporary increases in additional costs caused by specific events cannot be ruled out.

Investment options

In addition to organic growth, HHLA systematically examines and evaluates acquisition opportunities as part of its growth and innovation strategy. Potential equity investments focus on port projects in attractive growth markets, as well as innovative technology companies and start-ups in the transport and logistics sector. In addition to strategic aspects and synergies with HHLA's existing activities, key decision-making criteria include growth prospects, the anticipated return on capital employed, and the assessment of commercial opportunities and risks.

HHLA is in a sound financial position. It therefore has the financial means to make further acquisitions. One such acquisition was the majority takeover on 7 January 2021 of the multi-function terminal PLT in the Italian seaport of Trieste, which will strategically expand the port and intermodal network of HHLA. Also in early 2021, HHLA acquired a majority share in iSAM AG, a global specialist for automation technology, including for port handling. In addition, a majority stake was acquired in the logistics company CL EUROPORT in Malaszewicze near the Belarusian border in early January 2022, thereby adding a further hub to the freight transport network within Central and Eastern Europe as well as for Eurasian transportation. Events after the balance sheet date

Technological innovations and digitalisation

One of HHLA's goals is to relieve the pressure on the transport infrastructure in and around the Port of Hamburg by seeking innovative and sustainable solutions and using the capacities of its terminals more efficiently. To achieve this, HHLA uses machine learning at CTA and CTB, for example, to optimise the positioning of containers in the yard and thus boost productivity.

Furthermore, HHLA has set up new company units and invests in promising start-ups to provide the necessary space for technological and entrepreneurial innovation in logistics to flourish, especially with regard to innovative business activities along the material and digital logistics value chain. One example of this is the "modility" booking portal, a platform that simplifies access to intermodal transport.

The innovative development of our core business and the tapping of new growth drivers may result in additional opportunities for boosting efficiency and value added in future. At the same time, they are associated with certain start-up costs and an entrepreneurial risk that has been given due consideration and weighed up against the corresponding opportunities. Research and development

4. IT risks

HHLA's business processes rely heavily on the availability and security of IT applications. In the event of a cyberattack, temporary restrictions or failures in IT applications, e.g. due to the destruction of data, cannot be ruled out. However, extensive measures are in place to protect against attacks and/or significantly reduce any negative consequences. These include prevention measures using tools such as specific filter mechanisms, maintaining backup systems (above all for data and information sharing) and communicating closely with business partners. In view of the rising number of cyber attacks on companies, particularly against the backdrop of the escalated Russia-Ukraine conflict, the risk that HHLA will also be affected by a damaging attack has risen.

5. Service provision risks

Service provision risks are higher than in the previous year, primarily due to the deterioration of external conditions in the construction sector and the ongoing internal transformation processes.

Due to the current construction boom and the global shortage of building materials, there are currently price calculation risks for construction projects in the Speicherstadt historical warehouse district for which contracts have not yet been awarded. Measures such as the close involvement of Purchasing in the projects serve to optimise costs. Nevertheless, it is currently considered likely that the risk will materialise.

Disputes relating to collective bargaining or transformation processes may lead to interruptions or delays to operations, with a corresponding impact on earnings, in particular in the Container and Intermodal segments. As external strikes are relevant in the Intermodal segment, communication with customers and flexibility with regard to routing are effective measures for reducing the potential scale of damage. In the Container segment, internal industrial action cannot be ruled out. These are counteracted by means of extensive communication about the process stages and the close involvement of the works council.

Moreover, transformation processes and the corresponding achievement of planned project targets may be delayed. Here, too, we aim to prevent any delays by taking extensive communication measures and ensuring the close involvement of all parties.

Furthermore, the need for write-downs on property, plant and equipment that can no longer be used for their intended purpose due to unexpected market developments, or that are subsequently deemed unsuitable, can still not be ruled out. As a result of measures taken, particularly in the form of tests and analyses prior to purchase, these risks are deemed unlikely.

In addition to their economic impact, pandemics can also lead to the disruption or interruption of operations within the HHLA Group due to illness. In the course of the current coronavirus pandemic, HHLA has implemented extensive measures to ensure the safety of its employees and the continuation of its operations. The risk situation is continually reviewed and measures are adjusted as necessary. At present, the service provision risks from pandemics are not deemed as material.

6. Legal risks

Compliance incidents

Well-trained, motivated employees are the foundation for responsible business activities. The Group's relationship with its employees is dominated by its sense of social responsibility. Staff representatives are closely and actively involved in Group decision-making and take their responsibilities seriously. This paves the way for a successful working relationship. However, it is impossible to completely rule out the risk of employees committing fraudulent acts or legal and competitive violations in the course of their work. Furthermore, any infringements of specific areas of law (e.g. competition law, data privacy) may lead to fines based on Group key figures and could therefore potentially reach significant proportions.

To reduce these risks, HHLA has introduced guidelines, manuals and double-checking, embedded controls in its processes and established spot checks as part of its compliance management system. Furthermore, the Group has issued a Code of Conduct that applies to all Group managers and staff. Training sessions are held regularly on the contents of the Code of Conduct, as well as on other specialised issues such as the prevention of corruption and conduct in the competitive environment, in line with the current risk profile. All of these activities are supported by additional communication measures, for example via the HHLA intranet and the HHLA team app. There are also opportunities for both employees and third parties to report violations (whistle-blower hotline). Should compliance violations occur, specific process adjustments may be undertaken to prevent them in future. For instance, in cases of theft, corresponding security measures are reviewed and possibly introduced to prevent as far as possible any further disappearance of such items. Furthermore, the regular analysis of compliance risks and system-based business partner screening – which enables the standardised risk-oriented screening of HHLA business partners across the Group – also help to identify compliance risks at an early stage and thus minimise risk. This also applies to HHLA's Supplier Code of Conduct, which is now used throughout the Group.

Process risks

Changes in the initial assumptions or general conditions may cause projects to fall significantly short of the underlying economic feasibility calculation. This in turn may necessitate the termination of long-term contracts and potentially result in legal disputes. HHLA adopts preventive measures, including the use of legal expertise, to prevent or resolve such disputes.

New regulatory requirements

Changes to legislation, regulatory reforms or amended requirements may necessitate changes to HHLA's internal processes or existing equipment, or lead to cost increases. By ensuring a steady flow of information and cooperating closely with the relevant authorities, HHLA is able to make timely internal preparations and forward-looking investments aimed at reducing the associated costs, where possible.

Conversely, new regulations may also lead to opportunities that mainly boost the market potential of technological innovations.

7. Strategic environment

Infrastructure

HHLA's competitiveness largely depends on Hamburg's infrastructure as a port and logistics hub. Hamburg's offshore, onshore and regional transport networks must be able to cope with the flows of goods and their carriers. As an infrastructure-related operator, HHLA and its subsidiaries depend on prompt provision of the scheduled volume of public investments and services that are frequently necessary to support their own investments. Infrastructural deficits could make it impossible to handle peak workloads in ship handling – arising from the ongoing trend towards a growing number of ever-larger vessels – with the same level of reliability for all carriers. This in turn could cause throughput and transport volumes to bypass HHLA's sites.

The regional road and rail infrastructure must be modernised and expanded if the Port of Hamburg wants to retain and enhance its competitiveness and optimise its processes for the in- and outbound flows of goods in its hinterland. This may lead to additional costs or delays in the Intermodal segment due to bottlenecks in the rail network as a result of poor rail infrastructure or delays caused by construction work, for example. The flexibility of having its own rolling stock helps to ensure that any impact on earnings from such events is not currently a material risk for the HHLA Group. However, projects of special significance for HHLA in the medium term include the future replacement of the Köhlbrand Bridge with a tunnel by the end of 2034, the construction of the port crossing (A 26) and the upgrading of the Kiel Canal, including its locks.

HHLA cooperates closely with the relevant public institutions on these projects. It also safeguards its interests by participating in relevant committees and through lobbying and active public relations activities.

Corporate management declaration

The following section contains the joint **corporate governance declaration** by the Executive Board and Supervisory Board for HHLA and the Group in accordance with Section 289f of the German Commercial Code (HGB) and Section 315d in conjunction with Section 289f HGB.

Implementation of the Code, declaration of compliance

Responsible and transparent corporate governance geared towards creating sustainable value added has always been a main foundation of HHLA's commercial success. HHLA therefore expressly supports the German Corporate Governance Code (hereinafter referred to as "the Code" or "GCGC") and the objectives that it pursues. The Executive Board and Supervisory Board once again carefully studied the recommendations and suggestions of the Code in the 2021 financial year and submitted their annual declaration of compliance in accordance with Section 161 AktG on 13 December 2021. This confirms that the corporate governance and culture of HHLA and the Group comply with the recommendations and most of the suggestions contained in the Code, with the exceptions outlined below.

The current declaration of compliance – as well as those of previous years – is available at www.hhla.de/corporategovernance and reads as follows:

"The Executive Board and Supervisory Board of Hamburger Hafen und Logistik AG hereby state after due examination that in the period starting 11 December 2020 (the date on which the previous declaration of compliance was issued), HHLA complied with the recommendations of the German Corporate Governance Code ("the Code" or "GCGC") in the version dated 16 December 2019 with the following exceptions. Furthermore, HHLA shall comply with the Code in the future with the following exceptions:

a) Not all the members of the Executive Board and Supervisory Board currently comply with the limits on mandates as defined in recommendations C.4 and C.5 GCGC. When selecting candidates for the Executive Board and Supervisory Board, the Supervisory Board and the Nomination Committee have always taken care to ensure that the individuals concerned have enough time to fulfil their commitments. This generally also means that they comply with the limits on mandates defined in recommendations C.4 and C.5. However, the Supervisory Board believes that the question of whether a member has sufficient time for their commitments must be answered according to the circumstances of the individual case. The number of mandates may be an indication, but should not be the only criterion, particularly since there may be added value for HHLA when its Board members hold other external mandates. The Supervisory Board therefore believes it is reasonable if members of the Supervisory Board or Executive Board exceed these limits in individual cases.
b) With regard to the structure of Executive Board remuneration, the Code recommends, among other things, that the performance criteria for the variable remuneration components should be based primarily on strategic objectives and that the variable remuneration should consist of short- and long-term components, whereby variable remuneration resulting from the achievement of long-term targets should exceed the share of short-term goals (G.1 second indent, G. 6 and G. 7). The long-term variable remuneration granted to each Executive Board member should largely be invested in company shares or otherwise based on the share price. The Executive Board member should only be able to access the long-term variable remuneration after four years (G.10). It is possible to withhold or claw back the variable remuneration in justified cases (G.11 sentence 2). If the service contract with an Executive Board member comes to an end, outstanding variable remuneration components for the period until the contract ends should be paid according to the originally agreed targets and comparative parameters and on the dates or after the holding periods defined in the contract (G.12). The remuneration system for the Executive Board of HHLA only complies with these recommendations to a limited degree. The variable remuneration for the HHLA Executive Board is essentially based on the achievement of certain key figures or targets – in particular, EBIT, ROCE and other ESG targets – for a three-year average comprising the current and the two previous financial years and does not therefore stipulate any subdivision into short-term and long-term components. There are no plans for share-based components, holding periods or withholding and clawback rights. The Supervisory Board is of the opinion that the variable remuneration of the HHLA Executive Board in its current form is already sufficiently geared towards the company's long-term performance. If any severance payment is made when a contract comes to a premature end, it is generally paid at the departure date. This enables a clear distinction to be made and avoids later arguments. The Annual General Meeting of 10 June 2021 approved the remuneration system for the Executive Board with a large majority (95.8 % of the votes).
c) According to recommendation G.3, the Supervisory Board should use a suitable peer group of other companies, whose composition it discloses, in order to assess the customary nature of actual total remuneration of Executive Board members compared to other companies. The peer group is expected to be disclosed for the first time in the remuneration report to be prepared in accordance with Section 162 AktG in the run-up to the Annual General Meeting 2022.

Hamburg, 13 December 2021
Hamburger Hafen und Logistik Aktiengesellschaft
The Executive Board
The Supervisory Board"

Remuneration report

The remuneration report for the 2021 financial year and the auditor's report according to Section 162 AktG, the valid remuneration system in line with Section 87a (1) and (2) sentence 1 AktG and the most recent remuneration resolution according to Section 113 (3) AktG shall be made publicly available at www.hhla.de/corporategovernance.

Information about corporate governance practices

Structure and management of the Group

HHLA acts as the strategic management holding company for the Group. Its operating business is primarily conducted by domestic and foreign subsidiaries and associated firms. Group structure Operating activities are managed and monitored by the Executive Board and its central HHLA departments, such as Purchasing, Finance, Legal and HR. Compliance with the management's corporate governance requirements is ensured by internal company guidelines as well as provisions in the articles of association and rules of procedure for the subsidiaries and associated firms. Most subsidiaries also have their own supervisory or advisory boards that monitor and advise the executive boards of the respective companies.

Compliance

Compliance with corporate guidelines and the statutory provisions relevant to the company's activities (hereinafter also referred to as "compliance") is regarded as an essential part of corporate governance at HHLA. The management team in each corporate unit is therefore responsible for ensuring compliance with the applicable statutory provisions for their field of activity and area of responsibility, and for promoting their observance. Workflows and processes must be structured in line with these regulations. The cornerstone of HHLA's compliance management system (CMS) is a code of conduct, which formulates overriding principles on topics with special relevance for compliance, such as fair competition, the prevention of corruption, discrimination and conflicts of interest, as well as the handling of sensitive corporate information and information subject to data privacy, see www.hhla.de/compliance. It also offers the opportunity for employees and third parties to provide information about misconduct within the company. The code of conduct is supplemented by further Group guidelines on such matters as corruption prevention and fair conduct. A further element of the CMS is the systematic, ongoing analysis of compliance risks and the introduction of corresponding measures – such as staff training and process adjustments to minimise the respective risks. Furthermore, a supplier code of conduct together with the business partner screening system, which is currently being implemented on a Group-wide basis to facilitate a risk-oriented assessment of business partners, help to reduce compliance risks. Overall coordination of the CMS is performed by the Group Compliance Officer, who reports directly to the Executive Board and synchronises their activities with those of the Internal Audit and Risk Management departments, among others. There are also compliance managers or officers at the various corporate units in Germany and abroad. The responsibilities of compliance officers primarily include advising employees on all compliance-related issues and investigating any indications of breaches. The Audit Committee monitored the effectiveness of the CMS in the reporting period by means of regular reports from the Executive Board and the Group Compliance Officer. The CMS underwent an effectiveness review in 2020/2021 in accordance with IDW PS 980, taking into account the requirements of ISO 19600, by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, and its effectiveness was confirmed. The system will continue to be optimised on an ongoing basis and adapted to any changes in the risk situation.

Sustainability

Sustainability has been an integral part of HHLA's business model since the company was established. Sustainability or www.hhla.de/sustainability

Risk management

The HHLA Group's risk management system is described in detail in the risk and opportunity report, which forms part of the management report. Risk and opportunity report

Transparency

HHLA believes that informing shareholders and interested members of the public promptly about important issues is an integral part of good corporate governance. HHLA provides information about the economic position of the company, as well as important company developments, particularly by means of its financial reporting (annual report, half-yearly financial report and interim statements), press conferences for analysts and financial press conferences, meetings with analysts and the press, press releases and ad hoc announcements as required, and its Annual General Meetings. As a permanently available and up-to-date communication medium, the website www.hhla.de provides all the relevant information in both German and English. In addition to information about the HHLA Group and the HHLA share, it contains a financial calendar with an overview of the important dates. Furthermore, the Investor Relations department is available for all enquiries from shareholders, investors and analysts.

The Executive Board of HHLA

Function of the Executive Board

In accordance with the stipulations of stock corporation law, HHLA has a dual system of management with an Executive Board as management body and a Supervisory Board as monitoring body. The Executive Board manages the company on its own responsibility. It determines the company's goals, its fundamental strategic orientation and Group policy and organisation. These tasks include, in particular, steering the Group and managing its financing, implementing the HR strategy, appointing and developing managers while paying due consideration to diversity, and representing the company before the capital markets and the general public. It also bears responsibility for appropriate and effective control systems (risk and opportunity management, the compliance management system and the internal control system including Internal Audit).

The Executive Board performs its duties as a **collegial body**. The members of the Executive Board work together as colleagues and inform each other on an ongoing basis of important developments in their respective areas of responsibility. Regardless of the overall responsibility to manage the company, the individual members of the Executive Board also bear responsibility for the departments assigned to them by Executive Board resolutions and pursuant to the **schedule of responsibilities**. Fundamental questions of organisation, business policy and corporate planning, as well as measures of greater significance, are discussed and decided upon by the full Executive Board. The Chairwoman of the Executive Board coordinates the work of the Executive Board. This is outlined in more detail in the Executive Board's **rules of procedure**.

The Executive Board works in a spirit of mutual trust with the Supervisory Board in the interests of the company. It provides the Supervisory Board with regular, timely and comprehensive information on all matters that are relevant for the company. These include, in particular, profitability, the current position and course of business, strategy, planning, the current risk position, risk management and compliance for both the Group and the company in each case. Certain measures and transactions that are particularly far-reaching – such as adopting the annual budget, initiating new areas of activity, acquiring or selling companies, and capital expenditure or financing measures above a certain size – require the prior approval of the Supervisory Board. The Chairman of the Supervisory Board must be notified without undue delay of any important events of fundamental significance for the assessment of the position and development or the management of the company or the Group, including between meetings. The Chairman of the Supervisory Board is also regularly in touch with the Executive Board, especially the Chairwoman of the Executive Board, between meetings to discuss key issues and current developments, particularly questions of strategy and corporate development, as well as the company's risk position, risk management and compliance.

The members of the Executive Board are obligated to act in the **company's interests** and are bound by an extensive non-compete clause for the duration of their tenure. No member of the Executive Board is permitted to pursue personal interests when making decisions or to utilise business opportunities open to the company for personal gain. Other duties, especially supervisory board posts at companies outside the Group, require the approval of the Supervisory Board. Transactions of material importance between Group companies and members of the Executive Board and parties and companies related to them also require the approval of the Supervisory Board and must be performed on an arm's-length basis. **Conflicts of interest** concerning members of the Executive Board must be immediately disclosed to the Chairman of the Supervisory Board. Other members of the Executive Board must also be informed. There were no such transactions or conflicts of interest in the reporting period.

D&O insurance that meets the requirements of Section 93 (2) sentence 3 AktG has been taken out for the members of the Executive Board.

Composition and diversity

In accordance with Article 8 of the articles of association, HHLA's Executive Board must consist of at least two members. The Executive Board's members are appointed by the Supervisory Board. Together with the Executive Board, the Supervisory Board ensures there is a long-term succession plan in place and that diversity considerations are taken into account in the Executive Board's composition. In the interests of outlining diversity aspects more precisely, the Supervisory Board has approved the following **diversity concept for the Executive Board**.

Objective of the diversity concept

The Executive Board plays a central role in the ongoing development of HHLA and the Group. Along with the professional skills and experience of the Executive Board members, the Supervisory Board therefore believes that diversity aspects play an important role in the sustainable development of the company. Different personalities, experiences and expertise prevent group thinking and facilitate a more holistic approach, thereby enriching the work of the Executive Board.

HHLA's current Executive Board

Executive Board member			
Angela Titzrath Chairwoman of the Executive Board	**Jens Hansen** Chief Operating Officer	**Dr. Roland Lappin** Chief Financial Officer	**Torben Seebold** Chief Human Resources Officer
Responsibility	Responsibility	Responsibility	Responsibility
Corporate development Corporate communications Sustainability Container sales Intermodal segment Logistics segment	Container operations[1] Container engineering[1] Information systems	Finance and management control (including organisation) Investor relations Internal audit Real Estate segment	HR management Purchasing and materials management Occupational safety management Legal and insurance (including compliance)

1 Without Real Estate, for the Intermodal and Logistics segments as agreed with the Chairwoman of the Executive Board

Diversity aspects

The Supervisory Board strives to ensure that the Executive Board is composed of members whose personal and professional backgrounds, experience and expertise complement one another so that the Executive Board as a whole can draw on the widest possible range of experience, knowledge and skills.

Proportion of women on the Executive Board

When appointing Executive Board members, the Supervisory Board is guided by the model of equal participation by women and men and actively pursues this objective, e.g. by specifically looking for female candidates to join the Executive Board. However, given that the Executive Board is small and there is usually a limited number of suitable candidates, it is not always possible to ensure that women and men are represented equally. With this in mind, the Supervisory Board has set a target quota of 25 % for women on the HHLA Executive Board. It has specified 30 June 2022 as the deadline for achieving this target.

Qualifications and professional background

Diversity in the Executive Board is also reflected by members with different qualifications and career paths who can draw on a wide range of different experiences (such as industry background). Members with different qualifications, professional backgrounds and experiences are therefore actively welcomed. However, each Executive Board member must have the personal and professional skills and experience necessary to fulfil the responsibilities of an Executive Board member at an international, listed company and protect the HHLA Group's public image. The members of the Executive Board should also have an in-depth understanding of HHLA's business activities and are usually required to have several years of managerial experience.

Furthermore, with a view to HHLA's business model, at least one member should have specialist expertise in each of the following areas:

- strategy and strategic management;
- the logistics business, including the relevant markets and client needs;
- sales;
- operations and technology, including IT and digitalisation;
- the real estate business;
- legal affairs, corporate governance and compliance;
- human resources, especially HR management and staff development, as well as experience of co-determined structures; and
- finance, including financing, accounting, management control, risk management and internal control processes.

International orientation

As the Group's activities are international by their very nature, at least some of the members should have considerable international experience.

Age

The age limit for Executive Board members is 67. There is no minimum age. However, Executive Board members are generally expected to have several years of managerial experience when they are appointed, which presupposes a certain amount of professional experience. Within this framework, a varied age structure within the Executive Board is targeted – in the interests of diversity and long-term succession planning – although age is deemed less important than the other criteria.

Progress to date

The Executive Board's current composition fulfils the targets set out above. The Executive Board is currently composed of four people with different career paths, a wide range of experience and varying expertise, including members with considerable international experience. The target quota of 25 % for female executives has been met. The age limit is not exceeded by any member.

Long-term succession planning for the Executive Board

Together with the Executive Board, the Supervisory Board develops long-term succession planning. With regard to the Supervisory Board, this duty is chiefly performed by the Personnel Committee. Based on the objectives for the composition and expertise of members set out in the diversity concept, a profile of requirements is compiled for each Executive Board position. The requirement profiles, the responsibilities and the performance of the Executive Board members are regularly reviewed by the Personnel Committee – following consultation with the Executive Board/individual Executive Board members – with regard to the current environment, the course of business, the corporate strategy and the areas of expertise represented on the Executive Board.

A further key component of long-term succession planning is the identification and further development of internal candidates for future management roles. It is the responsibility of the Executive Board to identify potential candidates at an early stage so that they can be systematically developed with increasing levels of responsibility and needs-based training. Ideally, there should always be internal candidates on the shortlist whenever new positions need to be filled.

During specific appointment processes, the Personnel Committee and the Supervisory Board will consider not only the aforementioned diversity objectives but also all circumstances of the individual case. Where necessary, the Supervisory Board will also draw on the support of HR consultants.

The Supervisory Board of HHLA

Function of the Supervisory Board

The Supervisory Board decides on the composition of the Executive Board, oversees the Executive Board's management of the company, advises it on corporate governance and is involved in fundamental and important decisions. Measures and transactions of fundamental importance require the approval of the Supervisory Board in accordance with the Executive Board's rules of procedure. Its other main tasks include the examination and adoption of the annual financial statements and the approval of the Consolidated Financial Statements.

The tasks and internal organisation of the Supervisory Board and its committees are based on the law, the articles of association and the **rules of procedure** of the Supervisory Board, which are available on HHLA's website at www.hhla.de/corporategovernance and www.hhla.de/supervisory-board. The Code also contains recommendations on the Supervisory Board's work. The Chairman of the Supervisory Board coordinates the work of the Supervisory Board and represents its interests externally.

The members of the Supervisory Board are obligated to act in the **company's interests**. No member of the Supervisory Board is permitted to pursue personal interests when making decisions or to utilise business opportunities open to the company for personal gain. **Conflicts of interest** must be immediately disclosed to the Chairman of the Supervisory Board. The Supervisory Board provides information on conflicts of interest and their treatment in its report to the Annual General Meeting. If a member of the Supervisory Board has significant conflicts of interest that are not merely temporary, this should result in the termination of their mandate. Consultancy agreements or any other contracts for services or works between a member of the Supervisory Board and the company require the approval of the Supervisory Board. There were no such agreements in the 2021 financial year.

D&O insurance with an excess based on Section 93 (2) sentence 3 AktG has been taken out for the members of the Supervisory Board.

Committees

The Supervisory Board carries out its work both in full council and in committees. The individual committees and their responsibilities are laid down in the Supervisory Board's rules of procedure. The chairpersons of the committees regularly report on the work of their respective committees at the following Supervisory Board meeting. There are currently six committees: the Finance Committee, Audit Committee, Personnel Committee, Nomination Committee, Arbitration Committee and Real Estate Committee.

Finance Committee

Members: Dr. Sibylle Roggencamp (Chair), Thomas Mendrzik (Vice Chair), Dr. Norbert Kloppenburg, Norbert Paulsen, Sonja Petersen, Prof. Dr. Burkhard Schwenker

Responsibilities: The Finance Committee prepares Supervisory Board meetings and resolutions of major financial importance, such as equity acquisitions/disposals, resolutions to be adopted concerning significant borrowing and lending, the assumption of guarantees for third-party liabilities, financial investments and other financial transactions. It also deals with the quarterly reports on the course of business and with planning and investment issues, such as the budget and medium-term planning.

Audit Committee

Members: Dr. Norbert Kloppenburg (Chair), Norbert Paulsen (Vice Chair), Thomas Mendrzik, Dr. Isabella Niklas, Sonja Petersen, Prof. Dr. Burkhard Schwenker

Responsibilities: The Audit Committee is mainly concerned with auditing accounts and monitoring the accounting process, the effectiveness of the internal control system, the risk management system, the internal audit system and compliance. It monitors the auditing of the annual financial statements and its effectiveness, which includes checking the independence of the auditor and any non-audit services, and regularly evaluates the quality of the audit. It is also responsible for preparing the process of electing the auditor (including any shortlisting procedures) and deciding on external reviews of non-financial statements and reports.

Real Estate Committee

Members: Dr. Isabella Niklas (Chair), Norbert Paulsen (Vice Chair), Thomas Lütje, Thomas Mendrzik, Dr. Sibylle Roggencamp, Prof. Dr. Burkhard Schwenker

Responsibilities: The Real Estate Committee is responsible for all issues, reports and decisions that relate either wholly or overwhelmingly to the Real Estate subgroup (S division). In particular, this includes decisions on transactions subject to an approval requirement, examining and preparing the Supervisory Board's decision on the adoption of the annual financial statements, as well as the approval of the consolidated financial statements, and the proposal on the appropriation of profit insofar as these relate to the Real Estate subgroup.

Personnel Committee

Members: Prof. Dr. Rüdiger Grube (Chair), Berthold Bose (Vice Chair), Thomas Mendrzik, Norbert Paulsen, Dr. Sibylle Roggencamp, Andreas Rieckhof

Responsibilities: The Personnel Committee prepares the personnel decisions to be taken by the Supervisory Board and, together with the Executive Board, ensures that a long-term succession plan is in place. It prepares the Supervisory Board resolution on the remuneration system for Executive Board members and the specification of remuneration for individual members, represents the company, where legally permissible, in other legal transactions with Executive Board members and decides on approving the appointment of authorised signatories.

Nomination Committee

Members: Prof. Dr. Rüdiger Grube (Chair), Andreas Rieckhof, Dr. Sibylle Roggencamp

Responsibilities: In line with the statutory requirements, the rules of procedure, the recommendations of the Code, the skills and requirements matrix for the Supervisory Board and the targets adopted regarding its composition, the Nomination Committee proposes suitable candidates to the Supervisory Board to stand for election at the Annual General Meeting as shareholder representatives on the Supervisory Board.

Arbitration Committee

Members: Prof. Dr. Rüdiger Grube, Berthold Bose, Norbert Paulsen, Andreas Rieckhof

Responsibilities: The Arbitration Committee performs the duties defined in Section 31 (3) of the German Co-Determination Act (MitbestG). This entails making proposals to the Supervisory Board for appointing members of the Executive Board if the statutory majority of two-thirds of the Supervisory Board members' votes is not reached after the first round of voting.

Composition of the Supervisory Board and diversity

In accordance with the company's articles of association, Sections 95 and 96 AktG and Section 7 MitbestG, the Supervisory Board consists of six shareholder representatives elected by the Annual General Meeting and six employee representatives elected in accordance with the German Co-Determination Act.

In view of the various requirements and recommendations relating to supervisory board composition, the Supervisory Board of HHLA updated its requirement profile for the Supervisory Board in December 2021 as outlined below. In addition to key legal requirements and the recommendations of the Code concerning supervisory board composition, the requirement profile includes the Supervisory Board's own objectives for its composition, the skills matrix for the Board as a whole in line with the Code, and the diversity concept for the Supervisory Board, including the disclosures pursuant to Section 289f (2) no. 6 HGB.

Objective of the requirement profile

The Supervisory Board strives for a composition which ensures it is capable of monitoring and advising the Executive Board professionally at all times. The Supervisory Board believes that, in addition to professional and personal requirements, diversity aspects also play an important role for the effective work of the Supervisory Board, and thus for the sustainable development of the company. Different personalities, experiences and expertise prevent group thinking and facilitate a more holistic approach, thereby enriching the Supervisory Board's work. The objectives below therefore serve as guidelines for long-term succession planning and the selection of suitable candidates. They also provide transparency with regard to the key appointment criteria.

Requirements for individual members

General requirements

Each Supervisory Board member should have the personal and professional skills and experience necessary to fulfil the responsibilities of a Supervisory Board member at an international, listed company and protect the HHLA Group's public image. In view of this, each Supervisory Board member should fulfil the following requirements:

- sufficient professional knowledge, i.e. the ability to perform the duties which are normally handled by the Supervisory Board;
- commitment, integrity and personality;
- a general understanding of HHLA's business activities, including the market environment and clients' needs;
- corporate or operational experience – for shareholder representatives, this should ideally take the form of experience from working in company management teams, occupying a managerial position or sitting on supervisory bodies.

Available time

Each Supervisory Board member ensures that they have enough time to fulfil their Supervisory Board commitments. In particular, it must be taken into account that there are usually four to six Supervisory Board meetings per annum, which each need adequate preparation. Membership of one or more of the committees requires additional time for preparation and attendance of committee meetings. Lastly, additional extraordinary meetings of the Supervisory Board or the committees may become necessary to deal with special topics.

Limits on mandates

Members of the HHLA Supervisory Board who sit on the executive board of a listed company should, as a rule, not serve on the supervisory boards of more than two listed non-Group companies or hold comparable positions and should not serve as the chairperson of the supervisory board of a listed non-Group company. Members of the HHLA Supervisory Board who do not sit on the executive board of a listed company should, as a rule, not hold more than five such external mandates, whereby the role of supervisory board chairman counts twice in this regard. In particular, comparable positions are mandates in the supervisory bodies of foreign listed companies or mandates in the supervisory bodies of companies that are subject to statutory co-determination. On the other hand, membership of the supervisory or advisory boards of smaller companies usually requires a much smaller (time) commitment, meaning that mandates of this kind are generally not regarded as comparable positions.

Age limit and duration of membership

Candidates proposed for election to the Supervisory Board should be under the age of 70 at the time of election. As a rule, members should not serve more than three full terms on the Supervisory Board.

Requirements and objectives for the Supervisory Board as a whole

With regard to the composition of the Supervisory Board as a whole, the Supervisory Board strives to ensure that it is composed of members whose personal and professional backgrounds, experience and expertise complement one another so that the Supervisory Board as a whole can draw on the widest possible range of experience and specialist knowledge. This also serves to promote diversity.

General requirements

The Supervisory Board of HHLA must always be composed in such a way that its members have the necessary knowledge, skills and industry expertise to fulfil the Supervisory Board's responsibilities properly. Furthermore, the members of the Supervisory Board as a whole must be familiar with the transport and logistics industries – especially the port logistics and intermodal sectors – and the real estate industry, and at least one member of the Supervisory Board must have expertise in the field of accounting and another must have expertise in the auditing of financial statements.

Specific knowledge and experience

The Supervisory Board of HHLA as a whole should cover all the areas of expertise necessary to perform its duties effectively. In line with the company's business model, this specifically includes in-depth knowledge and experience in:

- managing a large or medium-sized listed company which operates internationally;
- the transport and logistics business, ideally in the port logistics and intermodal sectors, including the relevant markets and clients' needs;
- operations and technology, including IT systems, information technology and digitalisation;
- the real estate business, specifically letting office space in the Hamburg area;
- legal affairs, corporate governance and compliance;
- management control and risk management;
- the auditing of financial statements, and
- accounting, including the application of accounting principles and internal control processes.

The Supervisory Board strives for a composition whereby at least one member is qualified to provide advice on each of the aspects listed above.

Independence and conflicts of interest

Given HHLA's specific commercial situation and ownership structure, the Supervisory Board regards it as appropriate that more than half of the shareholder representatives – including the Chairman of the Supervisory Board, the Chairman of the Audit Committee and the Chairman of the Personnel Committee – are independent of the company and of the Executive Board. Furthermore, the Supervisory Board should include at least two members from the Group of shareholder representatives – including the Chairman of the Audit Committee – who are also independent from the controlling shareholder (cf. Recommendations C.6 to C.10 GCGC).

To prevent potential conflicts of interest, no more than two former Executive Board members should sit on the Supervisory Board. Moreover, the Supervisory Board should not include anyone who holds a seat on an executive body or performs an advisory role at any organisation in direct competition with the company or who has personal relations with a direct competitor. If a member of the Supervisory Board has significant conflicts of interest that are not merely temporary, this should result in the termination of their mandate.

Diversity

HHLA's Supervisory Board consists of at least 30 % women and 30 % men. Furthermore, the Supervisory Board has set itself the medium-term goal of ensuring that 50 % of its shareholder representatives are women.

In addition to this, diversity in the Supervisory Board is reflected by shareholder representatives with different career paths and fields of activity who can draw on a wide range of different experiences (such as training or industry background). In the interests of diversity, the Supervisory Board strives for a composition whereby its members complement one another with their backgrounds, experience and expertise. It also strives to ensure that some of its members have international experience.

Progress to date and future applicability

The Supervisory Board's current composition fulfils the targets set out above. The Supervisory Board is composed of people with different career paths, a wide range of experience and varying expertise, including members with considerable international experience. The target quota of 30 % for female Supervisory Board members has been met. The age limit was not exceeded by any member at the time of their election. No member has served for more than twelve years on the Supervisory Board. Most members comply with the limits on mandates. According to the Supervisory Board, all shareholder representatives are independent of the company and the Executive Board, although the Supervisory Board would like to mention as a precaution that HHLA maintains significant business relations with Hamburg Port Authority AöR, which, as an institution under public law, is regulated by the Hamburg Ministry of Finance and the Hamburg Ministry for Economics and Innovation, where the Supervisory Board members Dr. Sibylle Roggencamp and Andreas Rieckhof also hold posts. Furthermore, the Chairman of the Supervisory Board, Prof. Dr. Grube, the Chairman of the Audit Committee, Dr. Kloppenburg, and Prof. Dr. Schwenker are also independent of the controlling shareholder. Dr. Kloppenburg has expert knowledge and experience in the fields of accounting, auditing and internal control processes, too, thereby fulfilling the requirements in Sections 100 (5) and 107 (4) AktG (in the previous version, valid until 30 June 2021) and Recommendation D.4 GCGC. Prof. Dr. Schwenker also has expert knowledge in the field of accounting, thereby fulfilling the requirements of Sections 100 (5) and 107 (4) AktG in the version that has been in force since 1 July 2021.

The Nomination Committee and the Supervisory Board will take the above requirements and objectives into account during their succession planning and when searching for suitable candidates and proposing them to the Annual General Meeting for election to the Supervisory Board. At the same time, they will strive to fulfil the skills matrix for the Supervisory Board as a whole. However, the Annual General Meeting is under no obligation to observe the requirement profile or the Supervisory Board's election proposals during the election. The employee representatives are elected by the workforce, who are also not bound by the requirement profile. As such, the Supervisory Board has no right to nominate candidates for such positions.

Self-assessment

The most recent self-assessment with external assistance was carried out in summer 2018 with the aid of an independent consultant. Overall, cooperation was rated very good and efficient. Moreover, the Supervisory Board works continuously to further improve the efficiency of its activities.

Further information

Further information on the composition of the Supervisory Board, the activities of the Supervisory Board and its committees, as well as on the Supervisory Board's cooperation with the Executive Board in the reporting period, can be found in the Report of the Supervisory Board. The rules of procedure for the Supervisory Board and curricula vitae for the serving members of the Supervisory Board, which also contain information on the career path and other mandates/significant activities of the Supervisory Board member concerned and which are updated annually, are published on the company's website at www.hhla.de.

Disclosures in accordance with Section 289f (2) nos. 4 and 5 HGB

In accordance with Section 96 (2) AktG, the Supervisory Board of HHLA consists of at least 30 % women and 30 % men. There are currently four female members of the **Supervisory Board**, two of whom are shareholder representatives and two of whom are employee representatives. Women therefore now account for 33.3 % of both the shareholder representatives and the employee representatives on the Supervisory Board. As such, the legal requirements are met.

The Supervisory Board set a quota of 25 % for women on the **Executive Board** by 30 June 2022. This target has been met. According to Section 76 (3a) AktG, added as a result of the German law to supplement and amend legislation on the equal participation of men and women in executive positions in the public and private sectors (FüPOG II), the Executive Board of a listed company governed by the German Co-Determination Act must in future comprise at least one man and one woman wherever the Executive Board comprises more than three people. HHLA already complied with this requirement during the reporting period.

The Executive Board has set a target quota of 30 % for women in both **management levels below the Executive Board** and established a deadline for achieving this by 30 June 2022. As of 31 December 2021, women accounted for 25 % of both management levels.

Shareholders and the Annual General Meeting

Shareholders exercise their rights, in particular their voting rights, at the Annual General Meeting. The Annual General Meeting is held within the first eight months of each financial year. Each share entitles its holder to one vote at the Annual General Meeting. There are no shares with multiple voting rights, no preference shares and no caps on voting rights.

Shareholders may exercise their voting rights at the Annual General Meeting in person, by appointing a representative of their choice or by giving voting instructions to proxies designated by the company. The articles of association also authorise the Executive Board to allow shareholders to attend the Annual General Meeting and to exercise individual or all shareholder rights, even if not present at the venue of the Annual General Meeting and without naming a proxy, by means of electronic communication (online participation) and/or to cast their vote in writing or by means of electronic communication (postal vote). The invitation to the Annual General Meeting includes explanations of the participation conditions, the voting procedure (including proxy voting) and the rights of shareholders. In addition, the company has set up a hotline for shareholders' questions.

The reports and documents required by law for the Annual General Meeting, including the Annual Report, are published on the company's website at www.hhla.de/annual-general-meeting together with the agenda. Information on attendance at the Annual General Meeting and the voting results can likewise be found on the company's website after the Annual General Meeting.

Accounting and auditing

The separate financial statements of HHLA (parent company) are prepared in line with the accounting regulations of the German Commercial Code (HGB). The consolidated financial statements and interim statements comply with the International Financial Reporting Standards (IFRS) that apply in the European Union and the additional requirements of German commercial law pursuant to Section 315e (1) HGB. This Annual Report provides further information on IFRS in the notes to the consolidated financial statements, General notes. The appropriation of profits is based solely on the separate financial statements. The audit conducted includes an extended audit as stipulated under Section 53 of the German Budgetary Principles Act (HGrG). This requires an audit and assessment of the propriety of the company's management and its financial situation as part of the audit of the annual financial statements.

The choice and appointment of the auditing firm, the monitoring of its independence and the additional services it provides are all conducted in accordance with statutory provisions. In addition, arrangements have been made with the auditor of the separate financial statements and consolidated financial statements for the 2021 financial year – PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Hamburg – for the chairman of the Audit Committee to be informed immediately of any possible grounds for exclusion or bias arising during the audit, insofar as these are not rectified without delay. The auditor should also report immediately on any findings or incidents that are of significance for the Supervisory Board's remit which come to his or her attention during the audit of the financial statements. Furthermore, the auditor is to inform the Supervisory Board and/or record in his or her report if – when conducting the audit – he or she identifies facts that indicate that the declaration of compliance as per Section 161 AktG is incorrect.

Further disclosures on members of governing bodies and their mandates

The Executive Board members and their mandates

Angela Titzrath
Chairwoman of the Executive Board

Economist (MA), Hamburg

First appointed: 2016
Current appointment: until 30.09.2024

Other mandates[1]

- Bionic Production GmbH, Lüneburg[2] (Chair)
- CTD Container-Transport-Dienst GmbH[2] (Chair)
- Deutsche Lufthansa AG, Cologne[3]
- Evonik Industries AG, Essen[3]
- HHLA Digital Next GmbH[2] (Chair) (since 01.02.2021)
- HHLA Frucht- und Kühl-Zentrum GmbH[2] (Chair)
- HHLA International GmbH[2] (Chair)
- HHLA Sky GmbH[2] (Chair)
- HPC Hamburg Port Consulting GmbH[2] (Chair)
- METRANS a.s., Prague[2] (Chair)
- modility GmbH[2] (Chair)
- Talanx AG, Hanover[3]
- Ulrich Stein GmbH[2] (Chair)
- UNIKAI Lagerei- und Speditionsgesellschaft mbH[2] (Chair)

Jens Hansen
Chief Operating Officer

Fully qualified engineer, fully qualified business administration manager, Elmshorn

First appointed: 2017
Current appointment: until 31.03.2025

Other mandates[1]

- Cuxcargo Hafenbetrieb GmbH & Co. KG, Cuxhaven[4] (Chair)
- Cuxcargo Hafenbetrieb Verwaltungs-GmbH, Cuxhaven[4] (Chair)
- DAKOSY Datenkommunikationssystem AG[4] (Chair)
- HCCR Hamburger Container- und Chassis-Reparatur-Gesellschaft mbH[2] (Chair)
- HHLA Container Terminal Altenwerder GmbH[2] (Chair)
- HHLA Container Terminal Burchardkai GmbH[2] (Chair)
- HHLA Container Terminal Tollerort GmbH[2] (Chair)
- HHLA Rosshafen Terminal GmbH[2]
- HHLA TK Estonia AS, Tallinn[2] (Chair)
- HPC Hamburg Port Consulting GmbH[2]
- HVCC Hamburg Vessel Coordination Center GmbH[2]
- Hyperport Cargo Solutions GmbH i. Gr.[4]
- iSAM AG, Mülheim an der Ruhr (Chair) (since 19.01.2021)
- SCA Service Center Altenwerder GmbH[2] (Chair)
- Service Center Burchardkai GmbH[2] (Chair)

Dr. Roland Lappin
Chief Financial Officer

Fully qualified industrial engineer, Hamburg

First appointed: 2003
Current appointment: until 30.04.2026

Other mandates[1]

- Fischmarkt Hamburg-Altona GmbH[2] (Chair)
- GHL Zweite Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung mbH[2] (Chair)
- Hansaport Hafenbetriebsgesellschaft mbH[4]
- HHLA Frucht- und Kühl-Zentrum GmbH[2]
- HHLA Immobilien Speicherstadt GmbH[2] (Chair)
- HHLA International GmbH[2]
- HHLA Rosshafen Terminal GmbH[2] (Chair)
- IPN Inland Port Network GmbH & Co. KG[4]
- IPN Inland Port Network Verwaltungsgesellschaft mbH[4]
- METRANS a.s., Prague[2]
- Ulrich Stein GmbH[2]
- UNIKAI Lagerei- und Speditionsgesellschaft mbH[2]

Torben Seebold
Chief Human Resources Officer

Fully qualified lawyer, Hamburg

First appointed: 2019
Current appointment: until 31.03.2027

Other mandates[1]

- Gesamthafenbetriebs-Gesellschaft mbH, Hamburg (Chair)
- HHLA-Personal-Service GmbH[2] (Chair)
- Verwaltungsausschuss für den Hafenfonds der Gesamthafenbetriebs-Gesellschaft, Hamburg

The Supervisory Board members and their mandates

Prof. Dr. Rüdiger Grube (Chairman)
Fully qualified engineer, Hamburg

Managing Partner of Rüdiger Grube International Business Leadership GmbH

Supervisory Board member since: June 2017

Other mandates[1]

- Bombardier Transportation (Bahntechnologie) Holding Germany GmbH, Berlin (Chair)
- Bombardier Transportation GmbH, Berlin (Chair)
- Deufol SE, Hofheim am Taunus
- RIB Software SE, Stuttgart[3] (until 31.01.2022)
- Vantage Towers AG, Düsseldorf (Chair)
- Vossloh AG, Werdohl[3] (Chair)

Berthold Bose (Vice Chairman)
Automotive electrician, Hamburg

Head of ver.di Hamburg

Supervisory Board member since: June 2017

Other mandates[1]

- Asklepios Kliniken Hamburg GmbH, Hamburg
- HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH[5]

Dr. Norbert Kloppenburg
Fully qualified agricultural engineer, Hamburg

International investments and financing consultant

Supervisory Board member since: June 2012

Other mandates[1]

- Voith GmbH & Co. KGaA, Heidenheim

Thomas Lütje
Shipping agent, Jork

Director of Sales at Hamburger Hafen und Logistik AG

Supervisory Board member since: June 2017

Other mandates[1]

- HVCC Hamburg Vessel Coordination Center GmbH[2] (Chair)

Thomas Mendrzik
Electrical technician, Hamburg

Technical employee at HHLA Container Terminal Altenwerder GmbH

Supervisory Board member since: June 2017

Other mandates[1]

- None

Dr. Isabella Niklas
Doctorate in law, Hamburg

Management spokeswoman for HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH

Supervisory Board member since: June 2018

Other mandates[1]

- GMH Gebäudemanagement Hamburg GmbH[5]
- GNH Gasnetz Hamburg GmbH[5] (since 01.12.2021)
- HADAG Seetouristik und Fährdienst AG[5]
- Hanseatische Wertpapierbörse Hamburg
- Hapag-Lloyd AG[3, 6]
- SBH Schulbau Hamburg[5]
- SNH Stromnetz Hamburg GmbH[5]
- Hamburger Energiewerke GmbH (formerly Wärme Hamburg GmbH)[5]

Norbert Paulsen
Fully qualified engineer, Hamburg

Chairman of the Group works council and joint works council of Hamburger Hafen und Logistik AG

Supervisory Board member since: June 2012

Other mandates[1]

- HGV Hamburger Gesellschaft für Vermögens- und Beteiligungs-management mbH[5]

Sonja Petersen
Fully qualified business administration manager (FH), Norderstedt

Clerical employee at HHLA Container Terminal Burchardkai GmbH

Supervisory Board member since: June 2017

Other mandates[1]

- None

Andreas Rieckhof
MA in history, political science, and social and economic history, Hamburg

State Secretary of the Hamburg Ministry for Economic and Labour Affairs

Supervisory Board member since: August 2020

Other mandates[1]

- FHG Flughafen Hamburg GmbH[5]
- HHT Hamburg Tourismus GmbH[5] (Chair)
- HIW Hamburg Invest Wirtschaftsförderungsgesellschaft mbH[5] (Chair)
- HMC Hamburg Messe und Congress GmbH[5] (Chair)
- Life Science Nord Management GmbH[5] (Chair in even years)
- ReGe Hamburg Projekt-Realisierungsgesellschaft mbH[5] (Chair)
- ZAL Zentrum für Angewandte Luftfahrtforschung GmbH[5] (Chair)

Dr. Sibylle Roggencamp
Fully qualified economist, Molfsee

Head of the Office for Asset and Investment Management at the Hamburg Ministry of Finance

Supervisory Board member since: June 2012

Other mandates[1]

- Elbphilharmonie und Laeiszhalle Service GmbH[5]
- Flughafen Hamburg GmbH[5]
- Hamburg Musik GmbH[5]
- Hamburger Hochbahn AG[5]
- Hamburgischer Versorgungsfonds AöR[5]
- HSH Portfoliomanagement AöR, Kiel[5] (Chair in even years)
- Universitätsklinikum Hamburg-Eppendorf (UKE) KöR, Hamburg[5]

Prof. Dr. Burkhard Schwenker
Fully qualified business administration manager, Hamburg

Chairman of the Advisory Council of Roland Berger GmbH

Supervisory Board member since: June 2019

Other mandates[1]

- Flughafen Hamburg GmbH[5]
- Hamburger Sparkasse AG (HASPA), Hamburg (Chair)
- HASPA Finanzholding (President of the Board of Directors)
- Hensoldt AG, Taufkirchen[3]
- M.M. Warburg & Co. KGaA, Hamburg

Maya Schwiegershausen-Güth
MA in political science, sociology, and economic and social history, Berlin

Head of the Maritime Economy group, ver.di Bund

Supervisory Board member since: June 2017

Other mandates[1]

- Hapag-Lloyd AG, Hamburg[3, 6]

1 Seats on statutory supervisory boards and comparable supervisory bodies at domestic and foreign companies

2 HHLA holds a majority interest (directly or indirectly). Registered office in Hamburg unless otherwise stated

3 Listed

4 HHLA holds a minority or equal interest (directly or indirectly). Registered office in Hamburg unless otherwise stated

5 Company associated with the Free and Hanseatic City of Hamburg (excluding HHLA Group companies). Registered office in Hamburg unless otherwise stated

6 The Free and Hanseatic City of Hamburg (excluding HHLA Group companies) holds a minority interest. Registered office in Hamburg unless otherwise stated

Additional information on takeover law and explanatory notes

1. The subscribed capital of the company amounts to € 75,219,438.00. It is divided into 75,219,438 registered no-par-value shares with a pro rata share of the company's share capital of € 1.00. Of this amount, 72,514,938 are class A shares and 2,704,500 are class S shares. The class S shares constitute only shareholdings in the net profit/loss and net assets of the S division, while the class A shares constitute only shareholdings in the net profit/loss and net assets of the A division. The S division comprises the part of the company that deals with the acquisition, holding, selling, letting, management and development of properties not specific to port handling (Real Estate subgroup). All other parts of the company make up the A division (Port Logistics subgroup). The dividend entitlement of holders of class S shares is based on the proportion of the distributable profit for the year attributable to the S division, and the dividend entitlement of holders of class A shares is based on the remaining proportion of distributable profit for the year (Article 4 [1] of the articles of association). Each share entitles the holder to one vote at the Annual General Meeting (Article 20 [1] of the articles of association) and gives the holder the rights and responsibilities laid down in the German Stock Corporation Act (AktG) and the articles of association. If the statutory provisions require a special resolution to be adopted by holders of a given class of shares, only the holders of that class of shares are entitled to vote.

2. To the Executive Board's knowledge, there are no restrictions on voting rights or the transfer of shares, including those arising from agreements between shareholders.

3. Details on direct or indirect capital shareholdings which entitle the holder to more than 10 % of the voting rights can be found in the notes to the consolidated financial statements, no. 35 Equity and notes to the consolidated financial statements, no. 48 Related party disclosures.

4. There are no shares with special rights granting powers of control.

5. Employees who hold stakes in the company's equity exercise their shareholders' rights at their own discretion. There is no control of the voting rights.

6.1 As per Article 8 sentence 1 of the company's articles of association, the Executive Board consists of two or more people. Members of the Executive Board are appointed and dismissed by the Supervisory Board in accordance with Section 84 AktG in conjunction with Section 31 MitbestG and Article 8 of the articles of association.

6.2 Amendments to the articles of association can be made by means of a resolution of the Annual General Meeting. In line with Sections 179 and 133 AktG and Article 22 of the articles of association, a simple majority of the votes cast at the Annual General Meeting is sufficient for amendments to the articles of association. If a capital majority is required in addition to a majority of the votes, a simple majority of the share capital represented when the resolution is passed is adequate. Where the law prescribes a larger voting or capital majority for specific amendments to the articles of association, the legally required majority applies. In accordance with Article 11 (4) of the articles of association, the Supervisory Board is authorised to carry out amendments to the articles of association that relate only to the wording. If an amendment to the articles of association in the event of a capital increase or steps taken in accordance with the German Reorganisation of Companies Act (UmwG) is designed to change the relationship between class A and class S shares, special resolutions by the class A and class S shareholders affected are required as per Section 138 AktG. Amendments to the articles of association become effective when they are recorded in the commercial register.

7.1 Subject to the approval of the Supervisory Board, the Executive Board is authorised under Article 3 (4) of the articles of association to increase the company's share capital until 20 June 2022 by up to € 32,558,313.00 by issuing up to 32,558,313 new registered class A shares by subscription in cash and/or kind in one or more stages (Authorised Capital I, see Article 3 [4] of the articles of association). The statutory subscription rights of class S shareholders shall be excluded. The Executive Board is additionally authorised, subject to the approval of the Supervisory Board, to exclude the statutory subscription rights of class A shareholders in those cases covered in more detail in the resolution, such as issue for contributions in kind or issue in return for cash, provided the issue price is not substantially lower than the stock exchange price of those class A shares which are already listed at the time of the issue, and provided the new class A shares do not account for more than 10 % of share capital. Furthermore, the issue of new class A shares while excluding the subscription rights of class A shareholders is limited to a total of 20 % of the share capital attributable to class A shares. All class A shares issued or that could be issued under other authorisations with the exclusion of subscription rights count towards this 20 % limit.

7.2 Subject to the approval of the Supervisory Board, the Executive Board is additionally authorised under Article 3 (5) of the articles of association to increase the company's share capital until 20 June 2022 by up to € 1,352,250.00 by issuing up to 1,352,250 new registered class S shares by subscription in cash and/or kind in one or more stages (Authorised Capital II, see Article 3 [5] of the articles of association). The statutory subscription rights of holders of class A shares shall be excluded. The Executive Board is authorised, with the approval of the Supervisory Board, to exclude the statutory subscription rights of holders of class S shares as is necessary to equalise fractional amounts.

7.3 The Annual General Meeting on 18 June 2019 authorised the Executive Board, subject to the approval of the Supervisory Board, to issue on one or more occasions up to 17 June 2024 bearer or registered bonds with warrants or convertible bonds or combinations of these instruments (hereinafter known collectively as “debenture bonds”) and to grant the bearers or creditors of the debenture bonds warrants or conversion rights for up to 10,000,000 new registered class A shares in the company, each representing € 1.00 of the share capital, subject to the detailed terms of the debenture bonds. The total nominal amount of the debenture bonds issued under this authorisation may not exceed € 300,000,000.00. The debenture bonds are to be divided into partial debentures of the same class, each with equal rights. The respective terms of the debenture bonds may also provide for a warrant or conversion obligation as well as an issuer put option to provide class A shares in the company as of the end of the term or at an earlier date. Class S shareholders’ subscription rights are excluded. Subject to the approval of the Supervisory Board, class A shareholders’ subscription rights to the debentures can also be excluded in full or in part in order to equalise fractional amounts, to grant subscription rights to the holders or creditors of outstanding warrants and/or debenture bonds and to the extent that debenture bonds are issued for cash, whereby debenture bonds with rights, options or obligations to convert them into class A shares or an issuer put option for class A shares may account for no more than 10 % of the share capital attributable to class A shares. Furthermore, the issue excluding the subscription rights of class A shareholders is limited to a total of 10 % of the share capital attributable to class A shares. All class A shares issued or that could still be issued under other authorisations with the exclusion of subscription rights count towards this 10 % limit. Conditional capital of € 10,000,000.00 is available to service warrants and conversion rights and obligations as well as any tender rights. This allows up to 10,000,000 new registered class A shares to be issued (see Article 3 [6] of the articles of association).

7.4 The Annual General Meeting on 10 June 2021 authorised the Executive Board, with the approval of the Supervisory Board, to purchase class A treasury shares for any permissible purpose up to a maximum of 10 % of the company’s share capital attributable to class A shares at the time of the resolution – or, if lower, at the time that the authorisation is exercised, until 9 June 2026. At the discretion of the Executive Board, the purchase may be made via the stock exchange by way of a public offer made to all class A shareholders or by way of a public invitation to submit sales offers. In addition to selling class A shares in the company acquired under existing or prior authorisations via the stock exchange or offering them to all class A shareholders in proportion to their shareholdings, the Executive Board was also authorised – subject to the approval of the Supervisory Board – to use these shares for all legally permissible purposes. This includes in particular selling shares in exchange for a cash consideration at a price that is not significantly lower than the market price of shares in the company with the same rights at the time of the sale, using shares to settle rights or obligations of bearers or creditors resulting from convertible bonds or bonds with warrants issued by the company or by affiliated companies in accordance with Sections 15 et seq. AktG, transferring or offering shares for sale to employees of the company or to employees or members of the executive bodies of an associated company under Sections 15 et seq. AktG, the sale of shares in return for contributions in kind, as well as redeeming shares, even in a simplified process in accordance with Section 237 (3–5) AktG. In the above cases – excluding redemption – the rights of class A shareholders to tender or subscribe for treasury shares are also excluded; the tender and subscription rights of class S shareholders are generally excluded. With the exception of shares sold in return for contributions in kind or the redemption of shares, the class A shares sold or used while excluding subscription rights may not exceed 10 % of the share capital attributable to class A shares.

Further details of the authorisations stated in sections 7.1 to 7.4, particularly the conditions of purchase or issue, the possibilities to exclude subscription rights and their limits, can be found in the corresponding authorisation resolutions and – for the authorisations listed in sections 7.1 to 7.3 – in Article 3 of the articles of association.

7.5 Under Article 6 of the articles of association and Section 237 (1) AktG, the company is authorised to redeem class A or S shares against payment of appropriate compensation if the shareholders whose shares are to be redeemed have given their consent.

8. The following material agreements include regulations that apply in the case of a change of control, as may result from a takeover bid:

In September 2015, the company took out several promissory note loans with a total volume of € 53 million and issued registered bonds with a combined nominal value of € 22 million. Partial repayments will be due between 30 September 2022 and 30 September 2025 for the promissory note loans and between 30 September 2027 and 30 September 2030 for the registered bonds. In October 2018, the company took out further promissory note loans with a total volume of € 80 million and issued further registered bonds with a combined nominal value of € 20 million. The individual promissory note loans will be due for repayment between 5 October 2025 and 5 October 2028. The registered bonds are due for repayment on 5 October 2033. In the event of a change of control at HHLA, the holders of registered bonds and the creditors of promissory note loans or relevant tranches thereof are entitled to demand early repayment. In the case of debenture bonds and loans or relevant tranches thereof from 2015, however, the relevant bondholder or loan creditor is only entitled to demand such early repayment if continuation is deemed unreasonable. A change of control can be said to have taken place if the Free and Hanseatic City of Hamburg directly or indirectly holds less than 50.1 % of the voting rights in HHLA.

The company also concluded a loan agreement in September 2021 for a loan of € 60 million to finance the refurbishment and development of buildings in Hamburg's Speicherstadt historical warehouse district. In the event of a change of control at HHLA, the lender is entitled to terminate the contract without notice. A change of control can be said to have taken place if the share of share capital in HHLA attributable to the Free and Hanseatic City of Hamburg (including via indirect interests) falls below 50 %.

The service contracts of the Executive Board members also contain a regulation that states they have a right to severance pay if their membership of the Executive Board is terminated due to a change of control or comparable circumstances. Section 9

9. The service contracts of the members of the Executive Board contain a clause that provides for the payment of compensation to the respective Executive Board member in the event of them losing their Executive Board seat without good cause – including termination due to a change of control which may happen, for instance, following a voluntary or mandatory takeover offer. The compensation is limited to a maximum of two annual salaries (including other benefits) and not more than the total remuneration for the remaining term of the service contract.

The provisions described above are standard practice at comparable listed companies. Their intention is not to complicate any possible takeovers.

Notes to the separate financial statements for HHLA prepared in line with the German Commercial Code (HGB)

Unlike the consolidated financial statements, the annual financial statements for Hamburger Hafen und Logistik Aktiengesellschaft (HHLA AG) are not prepared in accordance with International Financial Reporting Standards (IFRS). Instead, they are based on the regulations contained in the German Commercial Code (HGB).

Company overview

Structure and commercial activities

Hamburger Hafen und Logistik Aktiengesellschaft (HHLA AG) is a leading European port logistics group. It is the parent company of the HHLA Group and runs the Group as a strategic management holding company. Its operating business is conducted by 35 domestic and 23 foreign subsidiaries and associated firms. During the 2021 financial year, HHLA extended its group of consolidated companies in order to expand its intermodal network, its digital and process automation activities and through the acquisition of an additional container terminal. No other significant legal or organisational changes were made.

HHLA AG is a legally independent company that was split into two divisions – the A division and the S division – as part of the initial public offering on 2 November 2007. The A division represents the Port Logistics subgroup. The class A shares, which are listed on the stock exchange, entitle shareholders merely to participate in the result and net assets of these commercial operations. The performance and financial result of the Real Estate subgroup are attributed to the S division. Class S shares are not traded on the stock exchange and are held solely by the Free and Hanseatic City of Hamburg (FHH). In the unlikely and unprecedented event of the Real Estate subgroup reporting a loss, this would be indirectly transferred to the Free and Hanseatic City of Hamburg in line with a separate agreement to assume losses.

Employees

HHLA AG had a total of 1,027 employees as of 31 December 2021 (previous year: 1,043). Of this number, 234 received wages (previous year: 253), 721 received a salary (previous year: 721) and 72 were apprentices (previous year: 69). Of the 1,027 staff members, 389 were assigned to companies within the HHLA Group in the reporting year.

Economic environment

Industry and macroeconomic developments are largely in line with those at the HHLA Group.

Earnings position

Key figures

in € million	2021	2020	Change
Revenue	143.1	133.5	7.2 %
Other income and expenses	- 195.7	- 205.7	4.9 %
Operating result	- 52.6	- 72.2	27.1 %
Financial result	- 23.4	- 23.7	1.3 %
Result from equity investments	157.5	94.9	66.0 %
Income taxes	- 19.5	11.9	- 263.9 %
Net profit	62.0	10.9	468.8 %

The **revenue** generated by HHLA AG resulted mainly from the charging of personnel expenses for holding company staff assigned to the spun-off Container and Logistics segments and from billing administrative services for IT systems which are pooled with HHLA AG. Revenue totalled € 143.1 million in the reporting period (previous year: € 133.5 million). The rise of € 9.6 million mainly resulted from services billed to subsidiaries of HHLA AG.

Other income and expenses improved earnings by an additional € 10.0 million compared with the previous year. This was largely due to increased expenses in the previous year as part of restructuring measures in the Container segment.

The slight year-on-year improvement in the **financial result** was primarily due to higher interest revenue resulting from Group clearing with subsidiaries.

The development of **income from equity investments** was primarily due to the performance of the Intermodal segment and increased expenses for restructuring measures in the Container segment during the previous year. The net profits of HHLA AG's subsidiaries and equity investments recognised in profit or loss rose year-on-year by € 62.6 million to € 157.5 million (previous year: € 94.9 million).

The € 31.4 million increase in **income taxes** stemmed mainly from the rise in net profit before tax.

The company's **annual net profit** amounted to € 62.0 million in the reporting period (previous year: € 10.9 million). The A division accounted for € 53.8 million of this net profit (previous year: € 4.9 million) and the S division for € 8.2 million (previous year: € 6.0 million).

Forecast and actual figures

in € million	Actual 2020	Forecast 2021	Actual 2021
Net profit	10.9	strongly increasing	62.0

The forecast for the development of annual net profit materialised as expected.

Assets

Balance sheet structure

in € million	31.12.2021	31.12.2020
Assets		
Intangible assets and property, plant and equipment	31.5	32.5
Financial assets	460.4	441.7
Other assets	816.8	741.2
Balance sheet total	**1,308.7**	**1,215.4**
Equity and liabilities		
Equity	515.7	474.6
Pension provisions	342.7	334.8
Other liabilities	450.3	406.0
Balance sheet total	**1,308.7**	**1,215.4**
Equity ratio in %	39.4	39.0
Intensity of investments in %	2.4	2.7

The carrying amounts of **intangible assets** and **property, plant and equipment** totalled € 31.5 million at the end of the reporting period (previous year: € 32.5 million). Capital expenditure amounted to € 5.3 million in the reporting period (previous year: € 4.9 million). Capital expenditure focused mainly on expanding the IT landscape.

The increase in **financial assets** of € 18.7 million to € 460.4 million was due to the above-mentioned expansion of the consolidated group, the issuance of loans and opposing value adjustments.

Equity increased by € 41.1 million compared to year-end 2020. This increase is mainly attributable to the net profit for the year of € 62.0 million. The distribution of a cash dividend of € 20.8 million had an opposing effect.

Development in pension provisions

in € thousand	2021	2020
Carrying amount on 01.01.	**334,761**	**330,110**
Expense recognised in profit and loss	27,069	23,826
Pension payments	- 19,131	- 19,175
Carrying amount on 31.12.	**342,699**	**334,761**

HHLA AG uses the projected unit credit method to value entitlements associated with existing **pension obligations**. Future obligations are projected based on past service and possible future service prior to the insured event occurring. Anticipated future pension and pay increases are also taken into account.

An average market interest rate for the past ten years of 1.87 % set by Deutsche Bundesbank was applied for the reporting year (previous year: 2.30 %).

In accordance with Section 253 (2) sentence 2 HGB, a remaining term of 15 years is used as a basis for provisions. Pension provisions amounted to € 342.7 million at the end of the reporting period (previous year: € 334.8 million).

Financial position

Liquidity analysis

in € million	2021	2020
Financial funds as of 01.01.	**466.7**	**431.4**
Cash flow from operating activities	18.0	67.0
Cash flow from investing activities	- 37.2	- 2.2
Cash flow from financing activities	- 0.8	- 29.5
Financial funds as of 31.12.	**446.7**	**466.7**
of which receivables from subsidiaries	260.9	291.9
of which cash and cash equivalents	185.8	174.8

Cash flow from operating activities totalled € 18.0 million in the reporting period (previous year: € 67.0 million). It was dominated by the operating result and the income received from equity investments. Capital expenditure was funded by using cash flow from operating activities and by taking out loans.

In connection with existing cash pooling agreements, **financial funds** comprised receivables from subsidiaries of € 260.9 million (previous year: € 291.9 million), cash and cash equivalents in the form of bank balances totalling € 103.3 million (previous year: € 92.8 million) – of which € 65.0 million (previous year: € 40.0 million) was short-term bank deposits – and clearing receivables of € 82.5 million (previous year: € 82.0 million) due from HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg (HGV). The S division of HHLA AG participates in the cash clearing system operated by HGV. The A division also utilises the option of investing surplus liquidity with HGV whenever this is advantageous for HHLA AG.

Risk and opportunity report

Business developments at HHLA AG are mostly subject to the same risks and opportunities as those of the HHLA Group. HHLA AG shares in the risks of its subsidiaries and equity investments in line with its respective shareholding.

As the parent company of the HHLA Group, HHLA AG is incorporated into the Group-wide risk and opportunity management system. The risk and opportunity report contained in the combined management report provides a description of the internal control system as required by Section 289 (5) HGB. Risk and opportunity report

Business forecast

Outlook

Due to its close ties with the affiliated companies and its weight within the Group, the expectations for HHLA AG are reflected in the business forecast for the Group as a whole. It is anticipated that the statements made for the HHLA Group regarding market and revenue developments will largely be mirrored by the revenue of HHLA AG. In addition, HHLA AG's result next year will be determined by a book profit from the expected completion of a share sale. Due to the termination of a profit and loss transfer agreement as a result of changes in tax law, the profit in question will not be recognised in 2022, which means that HHLA AG's investment result will be lower than in the previous year. After 2022, the profits will be recognised in a deferred period. Business forecast

Expected earnings position in 2022

On the basis of the expected earnings position of the HHLA Group, as outlined in the business forecast for the Group, and the previous comments, HHLA AG anticipates its annual profit for the year to be on a par with the previous year overall. Due to the uncertain environment described in the Group's business forecast, a reliable outlook for HHLA AG is also still not possible.

Expected financial position in 2022

Based on the liquidity management measures outlined in the business forecast for the Group, HHLA AG expects its financial position to remain stable.

Dividend

As in the previous year, HHLA AG's appropriation of profits is oriented towards the development of earnings in the financial year ended. The distributable profit and stable financial position provide the foundation for a continuation of the company's communicated dividend policy.

Statement of the Executive Board

Under the circumstances known to the Executive Board at the time the transactions listed in the related parties report in accordance with Section 312 AktG were carried out or actions were committed or omitted, the company received adequate consideration for the transactions and was not disadvantaged by committing or refraining from said actions.

In accordance with Article 4 of the articles of association, and with corresponding application of the provisions of Section 312 AktG, the Executive Board must prepare a report on the relationships between the A division and the S division. Under the circumstances known to the Executive Board at the time the legal transactions specified in the report on the relationships between the A division and the S division were completed, both divisions received appropriate consideration. Any expenses and returns that could not be attributed directly to one division were divided among the divisions in line with the articles of association. No steps were taken or omitted at the behest or in the interests of the other division in each case.

Hamburg, 7 March 2022

Hamburger Hafen und Logistik Aktiengesellschaft

The Executive Board

Angela Titzrath

Jens Hansen

Dr. Roland Lappin

Torben Seebold

Some of the disclosures in the management report – including statements on revenue and earnings trends and on possible changes in the sector or the financial position – contain forward-looking statements. These statements are based on the current best estimates and assumptions of the company. Depending on whether uncertain events materialise, HHLA's actual results, including its earnings and financial position, may differ materially from those explicitly or implicitly assumed or described in these statements.

Detailed index consolidated financial statements

Detailed index notes

Income statement – HHLA Group

in € thousand	Note	2021	2020
Revenue	8.	1,465,422	1,299,831
Changes in inventories	9.	3,088	61
Own work capitalised	10.	4,157	4,587
Other operating income	11.	51,939	50,830
Cost of materials	12.	- 404,816	- 379,077
Personnel expenses	13.	- 554,445	- 548,098
Other operating expenses	14.	- 158,669	- 138,737
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**406,676**	**289,397**
Depreciation and amortisation	15.	- 178,501	- 165,832
Earnings before interest and taxes (EBIT)		**228,175**	**123,565**
Earnings from associates accounted for using the equity method	16.	4,350	3,601
Interest income	16.	1,596	7,241
Interest expenses	16.	- 42,410	- 35,301
Other financial result	16.	- 95	0
Financial result	**16.**	**- 36,558**	**- 24,460**
Earnings before tax (EBT)		**191,617**	**99,105**
Income tax	18.	- 58,719	- 24,973
Profit after tax		**132,897**	**74,133**
of which attributable to non-controlling interests	19.	20,557	31,558
of which attributable to shareholders of the parent company		112,340	42,575
Earnings per share, basic and diluted, in €	**20.**		
HHLA Group		1.50	0.58
Port Logistics subgroup		1.43	0.50
Real Estate subgroup		3.41	2.70

Statement of comprehensive income – HHLA Group

in € thousand	Note	2021	2020
Profit after tax		**132,897**	**74,133**
Components which cannot be transferred to the income statement			
Actuarial gains/losses	36.	47,742	- 22,376
Deferred taxes	18.	- 15,405	7,221
Total		**32,337**	**- 15,155**
Components which can be transferred to the income statement			
Cash flow hedges	47.	8	0
Foreign currency translation differences		5,713	- 16,221
Deferred taxes	18.	- 9	- 1
Other		27	- 164
Total		**5,739**	**- 16,386**
Income and expense recognised directly in equity		**38,076**	**- 31,541**
Total comprehensive income		**170,973**	**42,592**
of which attributable to non-controlling interests		21,579	31,195
of which attributable to shareholders of the parent company		149,395	11,397

Income statement – HHLA subgroups

in € thousand; Port Logistics subgroup and Real Estate subgroup; annex to the notes	2021 Group	2021 Port Logistics	2021 Real Estate	2021 Consolidation
Revenue	1,465,422	1,435,751	38,095	- 8,424
Changes in inventories	3,088	3,088	0	0
Own work capitalised	4,157	3,080	0	1,077
Other operating income	51,939	46,113	7,594	- 1,768
Cost of materials	- 404,816	- 397,968	- 7,526	678
Personnel expenses	- 554,445	- 551,970	- 2,475	0
Other operating expenses	- 158,669	- 154,034	- 13,072	8,437
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**406,676**	**384,060**	**22,616**	**0**
Depreciation and amortisation	- 178,501	- 171,486	- 7,366	351
Earnings before interest and taxes (EBIT)	**228,175**	**212,574**	**15,250**	**351**
Earnings from associates accounted for using the equity method	4,350	4,350	0	0
Interest income	1,596	1,668	33	- 104
Interest expenses	- 42,410	- 39,838	- 2,676	104
Other financial result	- 95	- 95	0	0
Financial result	**- 36,558**	**- 33,915**	**- 2,643**	**0**
Earnings before tax (EBT)	**191,617**	**178,658**	**12,607**	**351**
Income tax	- 58,719	- 54,985	- 3,648	- 86
Profit after tax	**132,897**	**123,674**	**8,959**	**265**
of which attributable to non-controlling interests	20,557	20,557	0	
of which attributable to shareholders of the parent company	112,340	103,116	9,224	
Earnings per share, basic and diluted, in €	**1.50**	**1.43**	**3.41**	

Statement of comprehensive income – HHLA subgroups

in € thousand; Port Logistics subgroup and Real Estate subgroup; annex to the notes	2021 Group	2021 Port Logistics	2021 Real Estate	2021 Consolidation
Profit after tax	**132,897**	**123,674**	**8,959**	**265**
Components which cannot be transferred to the income statement				
Actuarial gains/losses	47,742	46,909	833	
Deferred taxes	- 15,405	- 15,136	- 269	
Total	**32,337**	**31,773**	**564**	**0**
Components which can be transferred to the income statement				
Cash flow hedges	8	8	0	
Foreign currency translation differences	5,713	5,713	0	
Deferred taxes	- 9	- 9	0	
Other	27	27	0	
Total	**5,739**	**5,739**	**0**	**0**
Income and expense recognised directly in equity	**38,076**	**37,512**	**564**	**0**
Total comprehensive income	**170,973**	**161,186**	**9,523**	**265**
of which attributable to non-controlling interests	21,579	21,579	0	
of which attributable to shareholders of the parent company	149,395	139,607	9,788	

Income statement – HHLA subgroups

in € thousand; Port Logistics subgroup and Real Estate subgroup; annex to the notes	2020 Group	2020 Port Logistics	2020 Real Estate	2020 Consolidation
Revenue	1,299,831	1,269,337	38,106	- 7,612
Changes in inventories	61	60	1	0
Own work capitalised	4,587	3,706	0	881
Other operating income	50,830	45,671	6,745	- 1,586
Cost of materials	- 379,077	- 372,150	- 7,590	663
Personnel expenses	- 548,098	- 545,698	- 2,400	0
Other operating expenses	- 138,737	- 131,494	- 14,896	7,653
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**289,397**	**269,432**	**19,966**	**0**
Depreciation and amortisation	- 165,832	- 159,137	- 7,047	352
Earnings before interest and taxes (EBIT)	**123,565**	**110,295**	**12,919**	**352**
Earnings from associates accounted for using the equity method	3,601	3,601	0	0
Interest income	7,241	7,333	31	- 124
Interest expenses	- 35,301	- 32,662	- 2,763	124
Other financial result	0	0	0	0
Financial result	**- 24,460**	**- 21,728**	**- 2,732**	**0**
Earnings before tax (EBT)	**99,105**	**88,567**	**10,187**	**352**
Income tax	- 24,973	- 21,730	- 3,156	- 87
Profit after tax	**74,133**	**66,837**	**7,032**	**265**
of which attributable to non-controlling interests	31,558	31,558	0	
of which attributable to shareholders of the parent company	42,575	35,278	7,297	
Earnings per share, basic and diluted, in €	**0.58**	**0.50**	**2.70**	

Statement of comprehensive income – HHLA subgroups

in € thousand; Port Logistics subgroup and Real Estate subgroup; annex to the notes	2020 Group	2020 Port Logistics	2020 Real Estate	2020 Consolidation
Profit after tax	**74,133**	**66,837**	**7,032**	**265**
Components which cannot be transferred to the income statement				
Actuarial gains/losses	- 22,376	- 21,895	- 481	
Deferred taxes	7,221	7,066	155	
Total	**- 15,155**	**- 14,829**	**- 326**	**0**
Components which can be transferred to the income statement				
Cash flow hedges	0	0	0	
Foreign currency translation differences	- 16,221	- 16,221	0	
Deferred taxes	- 1	- 1	0	
Other	- 164	- 164	0	
Total	**- 16,386**	**- 16,386**	**0**	**0**
Income and expense recognised directly in equity	**- 31,541**	**- 31,215**	**- 326**	**0**
Total comprehensive income	**42,592**	**35,622**	**6,706**	**265**
of which attributable to non-controlling interests	31,195	31,195	0	
of which attributable to shareholders of the parent company	11,397	4,427	6,970	

Balance sheet – HHLA Group

in € thousand	Note	31.12.2021	31.12.2020
ASSETS			
Intangible assets	22.	119,899	100,840
Property, plant and equipment	23.	1,801,047	1,677,635
Investment property	24.	212,587	197,138
Associates accounted for using the equity method	25.	16,912	17,418
Non-current financial assets	26.	15,684	16,427
Deferred taxes	18.	127,882	141,420
Non-current assets		**2,294,010**	**2,150,879**
Inventories	27.	33,551	25,554
Trade receivables	28.	188,271	166,913
Receivables from related parties	29.	86,140	85,283
Current financial assets	30.	4,100	3,134
Other non-financial assets	31.	39,799	31,133
Income tax receivables	32.	490	1,369
Cash, cash equivalents and short-term deposits	33.	155,533	126,858
Non-current assets held for sale	34.	0	0
Current assets		**507,885**	**440,245**
Balance sheet total		**2,801,895**	**2,591,123**
EQUITY AND LIABILITIES			
Subscribed capital		75,220	74,405
Port Logistics subgroup		72,515	71,700
Real Estate subgroup		2,705	2,705
Capital reserve		179,718	164,599
Port Logistics subgroup		179,212	164,093
Real Estate subgroup		506	506
Retained earnings		541,070	487,544
Port Logistics subgroup		485,302	435,320
Real Estate subgroup		55,768	52,224
Other comprehensive income		- 118,401	- 155,456
Port Logistics subgroup		- 118,062	- 154,553
Real Estate subgroup		- 338	- 903
Non-controlling interests		27,621	- 4,089
Port Logistics subgroup		27,621	- 4,089
Real Estate subgroup		0	0
Equity	**35.**	**705,227**	**567,003**
Pension provisions	36.	489,300	531,144
Other non-current provisions	37.	159,649	155,658
Non-current liabilities to related parties	40.	442,786	457,149
Non-current financial liabilities	38.	613,687	558,693
Deferred taxes	18.	24,766	22,069
Non-current liabilities		**1,730,188**	**1,724,714**
Other current provisions	37.	28,070	25,581
Trade liabilities	39.	107,936	90,913
Current liabilities to related parties	40.	58,333	39,552
Current financial liabilities	38.	109,395	88,075
Other non-financial liabilities	41.	49,237	37,512
Income tax liabilities	42.	13,508	17,774
Current liabilities		**366,480**	**299,406**
Balance sheet total		**2,801,895**	**2,591,123**

Balance sheet – HHLA subgroups

in € thousand; Port Logistics subgroup and Real Estate subgroup; annex to the notes	31.12.2021 Group	**31.12.2021 Port Logistics**	**31.12.2021 Real Estate**	31.12.2021 Consolidation
ASSETS				
Intangible assets	119,899	119,867	32	0
Property, plant and equipment	1,801,047	1,771,718	16,703	12,626
Investment property	212,587	19,950	215,751	- 23,114
Associates accounted for using the equity method	16,912	16,912	0	0
Non-current financial assets	15,684	12,047	3,637	0
Deferred taxes	127,882	140,716	0	- 12,834
Non-current assets	**2,294,010**	**2,081,210**	**236,123**	**- 23,323**
Inventories	33,551	33,482	69	0
Trade receivables	188,271	186,576	1,695	0
Receivables from related parties	86,140	79,515	7,550	- 925
Current financial assets	4,100	3,994	107	0
Other non-financial assets	39,799	38,696	1,104	0
Income tax receivables	490	490	938	- 938
Cash, cash equivalents and short-term deposits	155,533	154,672	861	0
Non-current assets held for sale	0	0	0	0
Current assets	**507,885**	**497,424**	**12,324**	**- 1,863**
Balance sheet total	**2,801,895**	**2,578,634**	**248,447**	**- 25,186**
EQUITY AND LIABILITIES				
Subscribed capital	75,220	72,515	2,705	0
Capital reserve	179,718	179,212	506	0
Retained earnings	541,070	485,302	63,647	- 7,879
Other comprehensive income	- 118,401	- 118,062	- 338	0
Non-controlling interests	27,621	27,621	0	0
Equity	**705,227**	**646,587**	**66,520**	**- 7,879**
Pension provisions	489,300	483,036	6,264	0
Other non-current provisions	159,649	156,574	3,076	0
Non-current liabilities to related parties	442,786	433,249	9,536	0
Non-current financial liabilities	613,687	515,305	98,382	0
Deferred taxes	24,766	17,956	22,254	- 15,444
Non-current liabilities	**1,730,188**	**1,606,120**	**139,512**	**- 15,444**
Other current provisions	28,070	28,030	41	0
Trade liabilities	107,936	98,800	9,136	0
Current liabilities to related parties	58,333	54,736	4,522	- 925
Current financial liabilities	109,395	82,545	26,850	0
Other non-financial liabilities	49,237	48,440	797	0
Income tax liabilities	13,508	13,376	1,070	- 938
Current liabilities	**366,480**	**325,927**	**42,416**	**- 1,863**
Balance sheet total	**2,801,895**	**2,578,634**	**248,447**	**- 25,186**

Balance sheet – HHLA subgroups

in € thousand; Port Logistics subgroup and Real Estate subgroup; annex to the notes	31.12.2020 Group	31.12.2020 Port Logistics	31.12.2020 Real Estate	31.12.2020 Consolidation
ASSETS				
Intangible assets	100,840	100,807	33	0
Property, plant and equipment	1,677,635	1,646,536	18,051	13,048
Investment property	197,138	23,462	197,564	- 23,888
Associates accounted for using the equity method	17,418	17,418	0	0
Non-current financial assets	16,427	12,475	3,952	0
Deferred taxes	141,420	152,686	0	- 11,266
Non-current assets	**2,150,879**	**1,953,384**	**219,600**	**- 22,105**
Inventories	25,554	25,485	70	0
Trade receivables	166,913	165,025	1,887	0
Receivables from related parties	85,283	79,147	7,124	- 988
Current financial assets	3,134	3,040	94	0
Other non-financial assets	31,133	29,540	1,593	0
Income tax receivables	1,369	1,369	809	- 809
Cash, cash equivalents and short-term deposits	126,858	126,264	594	0
Non-current assets held for sale	0	0	0	0
Current assets	**440,245**	**429,869**	**12,172**	**- 1,797**
Balance sheet total	**2,591,123**	**2,383,253**	**231,772**	**- 23,902**
EQUITY AND LIABILITIES				
Subscribed capital	74,405	71,700	2,705	0
Capital reserve	164,599	164,093	506	0
Retained earnings	487,544	435,320	60,368	- 8,144
Other comprehensive income	- 155,456	- 154,553	- 903	0
Non-controlling interests	- 4,089	- 4,089	0	0
Equity	**567,003**	**512,471**	**62,676**	**- 8,144**
Pension provisions	531,144	523,866	7,278	0
Other non-current provisions	155,658	152,645	3,013	0
Non-current liabilities to related parties	457,149	445,633	11,516	0
Non-current financial liabilities	558,693	454,635	104,058	0
Deferred taxes	22,069	15,112	20,918	- 13,961
Non-current liabilities	**1,724,714**	**1,591,891**	**146,784**	**- 13,961**
Other current provisions	25,581	25,515	67	0
Trade liabilities	90,913	81,776	9,137	0
Current liabilities to related parties	39,552	36,357	4,182	- 988
Current financial liabilities	88,075	82,686	5,389	0
Other non-financial liabilities	37,512	36,933	579	0
Income tax liabilities	17,774	15,625	2,958	- 809
Current liabilities	**299,406**	**278,891**	**22,312**	**- 1,797**
Balance sheet total	**2,591,123**	**2,383,253**	**231,772**	**- 23,902**

Cash flow statement – HHLA Group

in € thousand	Note	2021	2020
1. Cash flow from operating activities			
Earnings before interest and taxes (EBIT)		228,175	123,565
Depreciation, amortisation, impairment and reversals on non-financial non-current assets		178,501	165,832
Increase (+), decrease (-) in provisions		12,812	47,245
Gains (-), losses (+) from the disposal of non-current assets		264	185
Increase (-), decrease (+) in inventories, trade receivables and other assets not attributable to investing or financing activities		- 28,952	- 1,962
Increase (+), decrease (-) in trade payables and other liabilities not attributable to investing or financing activities		12,511	1,108
Interest received		4,039	5,503
Interest paid		- 29,683	- 28,414
Income tax paid		- 61,368	- 21,347
Exchange rate and other effects		- 434	- 505
Cash flow from operating activities		**315,865**	**291,210**
2. Cash flow from investing activities			
Proceeds from disposal of intangible assets, property, plant and equipment and investment property		2,106	1,051
Payments for investments in property, plant and equipment and investment property		- 176,807	- 174,657
Payments for investments in intangible assets	22.	- 11,014	- 7,955
Payments for investments in companies accounted for using the equity method		0	- 785
Proceeds from disposal of non-current financial assets		125	45
Payments for investments in non-current financial assets		- 526	0
Payments for acquiring interests in consolidated companies and other business units (including funds purchased)		- 16,247	0
Proceeds (+), payments (-) for short-term deposits		- 25,000	5,000
Cash flow from investing activities		**- 227,364**	**- 177,301**
3. Cash flow from financing activities			
Payments for capital procurement costs		- 1,165	-499
Dividends paid to shareholders of the parent company	21.	- 20,842	- 29,549
Dividends/settlement obligation paid to non-controlling interests		- 25,456	- 36,197
Payments for the redemption of lease liabilities		- 47,202	- 47,461
Proceeds from the issuance of bonds and the raising of (financial) loans		34,041	0
Payments for the redemption of (financial) loans		- 24,298	- 37,211
Cash flow from financing activities		**- 84,922**	**- 150,917**
4. Financial funds at the end of the period			
Change in financial funds (subtotals 1.–3.)		3,579	- 37,008
Change in financial funds due to exchange rates		590	- 2,167
Financial funds at the beginning of the period		168,847	208,022
Financial funds at the end of the period	43.	**173,016**	**168,847**

Cash flow statement – HHLA subgroups

in € thousand; Port Logistics subgroup and Real Estate subgroup; annex to the notes	2021 Group	2021 Port Logistics	2021 Real Estate	2021 Consolidation
1. Cash flow from operating activities				
Earnings before interest and taxes (EBIT)	228,175	212,574	15,250	351
Depreciation, amortisation, impairment and reversals on non-financial non-current assets	178,501	171,486	7,366	-351
Increase (+), decrease (-) in provisions	12,812	13,025	- 213	0
Gains (-), losses (+) from the disposal of non-current assets	264	263	1	0
Increase (-), decrease (+) in inventories, trade receivables and other assets not attributable to investing or financing activities	- 28,952	- 29,946	1,057	- 63
Increase (+), decrease (-) in trade payables and other liabilities not attributable to investing or financing activities	12,511	11,859	589	63
Interest received	4,039	4,110	33	- 104
Interest paid	- 29,683	- 27,153	- 2,634	104
Income tax paid	- 61,368	- 56,771	- 4,597	
Exchange rate and other effects	- 434	- 434	0	
Cash flow from operating activities	**315,865**	**299,013**	**16,852**	**0**
2. Cash flow from investing activities				
Proceeds from disposal of intangible assets, property, plant and equipment and investment property	2,106	2,106	0	
Payments for investments in property, plant and equipment and investment property	- 176,807	- 153,324	- 23,483	
Payments for investments in intangible assets	- 11,014	- 10,995	- 19	
Payments for investments in companies accounted for using the equity method	0	0	0	
Proceeds from disposal of non-current financial assets	125	125	0	
Payments for investments in non-current financial assets	- 526	- 526	0	
Payments for acquiring interests in consolidated companies and other business units (including funds purchased)	- 16,247	- 16,247	0	
Proceeds (+), payments (-) for short-term deposits	- 25,000	- 25,000	0	
Cash flow from investing activities	**- 227,364**	**- 203,862**	**- 23,502**	**0**
3. Cash flow from financing activities				
Payments for capital procurement costs	- 1,165	- 1,165	0	
Dividends paid to shareholders of the parent company	- 20,842	- 15,163	- 5,679	
Dividends/settlement obligation paid to non-controlling interests	- 25,456	- 25,456	0	
Payments for the redemption of lease liabilities	- 47,202	- 44,225	- 2,977	
Proceeds from the issuance of bonds and the raising of (financial) loans	34,041	14,041	20,000	
Payments for the redemption of (financial) loans	- 24,298	- 20,371	- 3,927	
Cash flow from financing activities	**- 84,922**	**- 92,339**	**7,417**	**0**
4. Financial funds at the end of the period				
Change in financial funds (subtotals 1.–3.)	3,579	2,812	767	
Change in financial funds due to exchange rates	590	590	0	
Financial funds at the beginning of the period	168,847	161,253	7,594	
Financial funds at the end of the period	**173,016**	**164,655**	**8,361**	**0**

Cash flow statement – HHLA subgroups

in € thousand; Port Logistics subgroup and Real Estate subgroup; annex to the notes	2020 Group	2020 Port Logistics	2020 Real Estate	2020 Consolidation
1. Cash flow from operating activities				
Earnings before interest and taxes (EBIT)	123,565	110,295	12,919	352
Depreciation, amortisation, impairment and reversals on non-financial non-current assets	165,832	159,137	7,047	- 352
Increase (+), decrease (-) in provisions	47,245	47,382	- 137	
Gains (-), losses (+) from the disposal of non-current assets	185	185	0	
Increase (-), decrease (+) in inventories, trade receivables and other assets not attributable to investing or financing activities	- 1,962	- 244	- 1,486	- 232
Increase (+), decrease (-) in trade payables and other liabilities not attributable to investing or financing activities	1,108	- 3,654	4,530	232
Interest received	5,503	5,596	31	- 124
Interest paid	- 28,414	- 25,844	- 2,694	124
Income tax paid	- 21,347	- 20,923	- 424	
Exchange rate and other effects	- 505	- 505	0	
Cash flow from operating activities	**291,210**	**271,424**	**19,786**	**0**
2. Cash flow from investing activities				
Proceeds from disposal of intangible assets, property, plant and equipment and investment property	1,051	715	336	
Payments for investments in property, plant and equipment and investment property	- 174,657	- 157,009	- 17,648	
Payments for investments in intangible assets	- 7,955	- 7,946	- 9	
Payments for investments in companies accounted for using the equity method	- 785	- 785	0	
Proceeds from disposal of non-current financial assets	45	45	0	
Payments for investments in non-current financial assets	0	0	0	
Payments for acquiring interests in consolidated companies and other business units (including funds purchased)	0	0	0	
Proceeds (+), payments (-) for short-term deposits	5,000	5,000	0	
Cash flow from investing activities	**- 177,301**	**- 159,980**	**- 17,321**	**0**
3. Cash flow from financing activities				
Payments for capital procurement costs	-499	-499	0	
Dividends paid to shareholders of the parent company	- 29,549	- 23,870	- 5,679	
Dividends/settlement obligation paid to non-controlling interests	- 36,197	- 36,197	0	
Payments for the redemption of lease liabilities	- 47,461	- 41,414	- 6,047	
Proceeds from the issuance of bonds and the raising of (financial) loans	0	0	0	
Payments for the redemption of (financial) loans	- 37,211	- 33,284	- 3,927	
Cash flow from financing activities	**- 150,917**	**- 135,264**	**- 15,653**	**0**
4. Financial funds at the end of the period				
Change in financial funds (subtotals 1.–3.)	- 37,008	- 23,820	- 13,188	
Change in financial funds due to exchange rates	- 2,167	- 2,167	0	
Financial funds at the beginning of the period	208,022	187,240	20,782	
Financial funds at the end of the period	**168,847**	**161,253**	**7,594**	**0**

Statement of changes in equity – HHLA Group

in € thousand

	Parent company					
	Subscribed capital		Capital reserve		Retained earnings	Reserve for foreign currency translation
	A division	S division	A division	S division		
Balance as of 31 December 2019	**70,048**	**2,705**	**141,078**	**506**	**499,683**	**- 59,844**
Dividends					- 54,714	
Capital increase less costs of raising capital not recognized in profit or loss	1,651		23,015			
Settlement obligation to shareholders with non-controlling interests						
Total comprehensive income					42,575	- 16,131
Balance as of 31 December 2020	**71,700**	**2,705**	**164,093**	**506**	**487,544**	**- 75,976**
Balance as of 31 December 2020	**71,700**	**2,705**	**164,093**	**506**	**487,544**	**- 75,976**
Dividends					- 37,945	
Capital increase less costs of raising capital not recognized in profit or loss	815		16,047			
First-time consolidation of interests in related parties						
Capital increase of shares in related parties						
Put option granted to non-controlling interests					- 20,870	
Total comprehensive income					112,340	5,648
Other changes			- 928			
Balance as of 31 December 2021	**72,515**	**2,705**	**179,212**	**506**	**541,070**	**- 70,328**

Other comprehensive income						
Cash flow hedges	Actuarial gains/losses	Deferred taxes on changes recognised directly in equity	Other	**Parent company interests**	**Non-controlling interests**	**Total equity**
438	**- 112,771**	**36,323**	**11,576**	**589,742**	**- 10,880**	**578,862**
				- 54,714	- 1,027	- 55,741
				24,666	0	24,666
				0	- 23,377	- 23,377
	- 21,973	7,090	- 164	11,397	31,195	42,592
438	**- 134,745**	**43,413**	**11,413**	**571,092**	**- 4,089**	**567,003**
438	**- 134,745**	**43,413**	**11,413**	**571,092**	**- 4,089**	**567,003**
				- 37,945	- 872	- 38,816
				16,862	0	16,862
				0	5,000	5,000
				0	6,003	6,003
				- 20,870	0	- 20,870
4	46,348	- 14,963	18	149,395	21,579	170,973
				- 928	0	- 928
442	**- 88,396**	**28,450**	**11,431**	**677,606**	**27,621**	**705,227**

Statement of changes in equity – HHLA Port Logistics subgroup (A division)

in € thousand; annex to the notes

	Parent company			
	Subscribed capital	Capital reserve	Retained earnings	Reserve for foreign currency translation
Balance as of 31 December 2019	**70,048**	**141,078**	**449,076**	**- 59,844**
Dividends			- 49,034	
Capital increase less costs of raising capital not recognized in profit or loss	1,651	23,015		
Settlement obligation to shareholders with non-controlling interests				
Total comprehensive income subgroup			35,278	- 16,131
Balance as of 31 December 2020	**71,700**	**164,093**	**435,320**	**- 75,976**
Balance as of 31 December 2020	**71,700**	**164,093**	**435,320**	**- 75,976**
Dividends			- 32,265	
Capital increase less costs of raising capital not recognized in profit or loss	815	16,047		
First-time consolidation of interests in related parties				
Capital increase of shares in related parties				
Put option granted to non-controlling interests			- 20,870	
Total comprehensive income subgroup			103,116	5,648
Other changes		- 928		
Balance as of 31 December 2021	**72,515**	**179,212**	**485,302**	**- 70,328**

Other comprehensive income						
Cash flow hedges	Actuarial gains/losses	Deferred taxes on changes recognised directly in equity	Other	**Parent company interests**	**Non-controlling interests**	**Total equity**
438	**- 111,920**	**36,048**	**11,576**	**536,500**	**- 10,880**	**525,620**
				- 49,034	- 1,027	- 50,061
				24,666	0	24,666
				0	- 23,377	- 23,377
	- 21,492	6,935	- 164	4,427	31,195	35,622
438	**- 133,412**	**42,983**	**11,413**	**516,560**	**- 4,089**	**512,471**
438	**- 133,412**	**42,983**	**11,413**	**516,560**	**- 4,089**	**512,471**
				- 32,265	- 872	- 33,137
				16,862	0	16,862
				0	5,000	5,000
				0	6,003	6,003
				- 20,870	0	- 20,870
4	45,515	- 14,694	18	139,607	21,579	161,186
				- 928	0	- 928
442	**- 87,896**	**28,288**	**11,431**	**618,966**	**27,621**	**646,587**

Statement of changes in equity – HHLA Real Estate subgroup (S division)

in € thousand; annex to the notes

Balance as of 31 December 2019
Dividends
Total comprehensive income subgroup
Balance as of 31 December 2020
Plus income statement consolidation effect
Less balance sheet consolidation effect
Total effects of consolidation
Balance as of 31 December 2020
Balance as of 31 December 2020
Dividends
Total comprehensive income subgroup
Balance as of 31 December 2021
Plus income statement consolidation effect
Less balance sheet consolidation effect
Total effects of consolidation
Balance as of 31 December 2021

	Subscribed capital	Capital reserve	Retained earnings	Other comprehensive income: Actuarial gains/losses	Other comprehensive income: Deferred taxes on changes recognised directly in equity	Total equity
	2,705	**506**	**59,016**	**- 851**	**275**	**61,650**
			- 5,679			- 5,679
			7,032	- 481	155	6,706
	2,705	**506**	**60,368**	**- 1,333**	**430**	**62,676**
			265			265
			- 8,409			- 8,409
			- 8,144			**- 8,144**
	2,705	**506**	**52,224**	**- 1,333**	**430**	**54,532**
	2,705	**506**	**60,368**	**- 1,333**	**430**	**62,676**
			- 5,679			- 5,679
			8,959	833	- 269	9,523
	2,705	**506**	**63,647**	**- 500**	**161**	**66,520**
			265			265
			- 8,144			- 8,144
			- 7,879			**- 7,879**
	2,705	**506**	**55,768**	**- 500**	**161**	**58,640**

Segment report – HHLA Group

in € thousand; business segments; annex to the notes	Port Logistics subgroup					
	Container		Intermodal		Logistics	
	2021	2020	**2021**	2020	**2021**	2020
Segment revenue						
Segment revenue from non-affiliated third parties	835,057	730,199	517,884	475,208	60,731	43,582
Inter-segment revenue	6,844	7,289	1,546	1,560	10,584	7,807
Total segment revenue	**841,901**	**737,488**	**519,430**	**476,768**	**71,315**	**51,389**
Earnings						
EBITDA	256,651	160,366	151,092	131,829	9,251	6,899
EBITDA margin	30.5 %	21.7 %	29.1 %	27.7 %	13.0 %	13.4 %
EBIT	155,312	65,422	104,314	88,268	- 3,014	- 3,879
EBIT margin	18.4 %	8.9 %	20.1 %	18.5 %	- 4.2 %	- 7.5 %
Assets						
Segment assets	1,381,781	1,282,561	671,680	614,537	67,158	51,671
Other segment information						
Investments in property, plant and equipment and investment property	96,815	83,922	92,020	81,271	2,179	2,565
Investments in intangible assets	3,707	1,985	1,366	1,380	2,651	4,471
Total investments	**100,522**	**85,907**	**93,386**	**82,651**	**4,830**	**7,036**
Depreciation of property, plant and equipment and investment property	98,146	90,873	46,486	43,274	5,551	5,719
of which impairment	0	423	0	0	0	0
Amortisation of intangible assets	3,193	4,071	292	287	6,714	5,059
of which impairment	0	0	0	0	4,982	4,037
Total amortisation and depreciation	**101,339**	**94,944**	**46,778**	**43,561**	**12,265**	**10,778**
Earnings from associates accounted for using the equity method	494	209	0	0	3,856	3,392
Non-cash items	30,448	67,539	5,020	1,300	1,805	1,380
Container throughput in thousand TEU	6,943	6,776	—	—		
Container transport in thousand TEU	—	—	1,690	1,536		

	Holding/Other		Real Estate subgroup Real Estate		Total		Consolidation and reconciliation with Group		Group	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	16,196	15,212	35,554	35,630	1,465,422	1,299,831	0	0	1,465,422	1,299,831
	146,656	136,949	2,541	2,477	168,171	156,082	- 168,171	- 156,082	0	0
	162,852	**152,161**	**38,095**	**38,106**	**1,633,593**	**1,455,913**				
	- 32,811	- 29,076	22,616	19,966	406,801	289,983	- 125	- 586	406,676	289,397
	- 20.1 %	- 19.1 %	59.4 %	52.4 %						
	- 45,673	- 40,739	15,250	12,919	226,190	121,991	1,986	1,574	228,175	123,565
	- 28.0 %	- 26.8 %	40.0 %	33.9 %						
	261,223	200,621	246,597	223,317	2,628,439	2,372,707	173,456	218,416	2,801,895	2,591,123
	5,381	2,988	24,193	17,647	220,588	188,393	0	0	220,588	188,393
	3,432	2,236	19	9	11,175	10,081	- 162	- 2,126	11,013	7,955
	8,813	**5,224**	**24,212**	**17,656**	**231,763**	**198,474**	**- 162**	**- 2,126**	**231,601**	**196,348**
	11,059	9,440	7,345	7,031	168,587	156,336	- 1,735	- 1,734	166,852	154,602
	0	0	0	0	0	423	0	0	0	423
	1,804	2,223	21	16	12,024	11,656	- 375	- 426	11,649	11,230
	0	0	0	0	4,982	4,037	0	0	4,982	4,037
	12,863	**11,663**	**7,366**	**7,047**	**180,611**	**167,992**	**- 2,110**	**- 2,160**	**178,501**	**165,832**
	0	0	0	0	4,350	3,601	0	0	4,350	3,601
	15,875	17,063	628	2,533	53,776	89,815	- 68	66	53,708	89,881

Notes to the consolidated financial statements

General notes

1. Basic information on the Group

The Group's parent company (hereinafter also referred to as "HHLA" or "the HHLA Group") is Hamburger Hafen und Logistik Aktiengesellschaft, Bei St. Annen 1, 20457 Hamburg, Germany, registered in the Hamburg Commercial Register under HRB 1902. The holding company above the Group is HGV Hamburger Gesellschaft fur Vermögens- und Beteiligungsmanagement mbH, Hamburg (HGV).

The object of the company is, first and foremost, to manage and participate in companies which are active in the provision of services in the areas of transport and logistics, particularly in the economic sectors of sea transport and hinterland traffic, as well as in the acquisition, maintenance, sale, lease, management and development of real estate, particularly real estate in Hamburg's historical Speicherstadt warehouse district and its fish market. In order to support the core area of business described, the company is also authorised to offer and perform services, and develop and manufacture products, systems, installations and solutions (including software), as well as the associated applications, both in this area of business as well as in the additive manufacturing business and information technology as well as related fields. The company is also authorised to carry out all auxiliary transactions and ancillary business related to the object of the company.

Since 1 January 2007, the Group has consisted of the Port Logistics subgroup (A division) and the Real Estate subgroup (S division). The part of the Group that deals with the property in Hamburg's Speicherstadt historical warehouse district and Fischmarkt Hamburg-Altona GmbH is allocated to the Real Estate subgroup (S division). All other parts of the company are allocated together to the Port Logistics subgroup (A division). Individual financial statements are prepared for each division to determine the shareholders' dividend entitlements; these, in line with the company's articles of association, form part of the Notes to the Annual Financial Statements of the parent company.

Information concerning the segments in which the HHLA Group operates is provided in Note 44.

When determining the shareholders' dividend entitlements, the expenses and income of HHLA which cannot be attributed directly to one subgroup are divided between the two subgroups according to their share of revenue. All transfer pricing for services between the two subgroups takes place on an arm's-length basis. Interest must be paid at market rates on liquid funds exchanged between the two subgroups. A notional taxable result is calculated for each subgroup to allocate the taxes paid. The resulting notional tax payment represents the amount of tax which would have been paid had each of the subgroups been separately liable for tax.

To illustrate the results of operations, net assets and financial position of the subgroups, the annex to these Notes contains the income statement, the statement of comprehensive income, the balance sheet, the cash flow statement and the statement of changes in equity for each subgroup.

HHLA's Consolidated Financial Statements for the 2021 financial year were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and applicable in the European Union. The provisions contained in Section 315e (1) of the German Commercial Code (HGB) and additional commercial law regulations were also taken into account. The IFRS requirements have been met in full and result in a true and fair view of the results of operations, net assets and financial position of the Group.

For the most part, the accounting and valuation policies, Notes and disclosures relating to the Consolidated Financial Statements for the 2021 financial year are based on the same accounting and valuation principles used for the 2020 Consolidated Financial Statements, with the exception of the effects of the new IFRS accounting standards stated in Note 5. These became mandatory for the Group on 1 January 2021. The accounting and valuation principles applied are explained in Note 6.

The financial year as reported by HHLA and its consolidated subsidiaries is the calendar year. The Consolidated Financial Statements and the disclosures in the Notes have been prepared in euros. Unless otherwise stated, all amounts are in thousands of euros (€ thousand). Due to the use of rounding procedures, it is possible that some figures do not add up to the stated sums.

These HHLA Consolidated Financial Statements for the financial year ending 31 December 2021 were approved by the Executive Board on 7 March 2022 for presentation to the Supervisory Board. It is the Supervisory Board's responsibility to examine the Consolidated Financial Statements and to state whether or not it approves them.

2. Consolidation principles

The Consolidated Financial Statements include the financial statements of HHLA and its significant subsidiaries as of 31 December of each financial year. The assets and liabilities of the domestic and foreign companies consolidated in full or using the equity method are recognised in accordance with the uniform accounting and valuation principles applied in the HHLA Group.

Capital is consolidated at the time of acquisition by setting off the acquisition costs of the investment against the pro rata fair values of the assets acquired and the liabilities and contingent liabilities assumed by the subsidiaries. Previously unreported intangible assets, which can be included in the accounts under IFRS 3 in conjunction with IAS 38, and contingent liabilities are recognised at fair value.

Any positive difference arising in the course of this initial consolidation is capitalised as goodwill and subjected to an annual impairment test. Following a critical assessment, any negative difference is posted to profit and loss. For a detailed explanation of the impairment testing procedure used, please refer to Note 6 and Note 7.

Equity interests held by third parties outside the Group are shown in the balance sheet under the item non-controlling interests within equity capital, see also Note 3 and Note 35.

Non-controlling interests are valued at the time of acquisition using the relevant share of the acquired company's identifiable net assets. Changes in the Group's shareholding in a subsidiary which do not lead to a loss of control are recorded in the balance sheet as equity transactions.

Gains or losses from the disposal of non-controlling interests in consolidated companies are likewise recognised directly in equity without effect on profit and loss insofar as the transaction does not lead to a loss of control. In the case of a loss of control, the remaining interests are measured at fair value or, if applicable, using the equity method.

The effects of intragroup transactions are eliminated in full.

3. Make-up of the Group

Consolidated companies

The group of consolidated companies at HHLA comprises a total of 35 domestic and 23 foreign companies. For a complete list of equity investments in accordance with Section 313 (2) HGB, see also Note 48. Information required under IFRS 12.10 and IFRS 12.21 is included here.

Consolidated companies

	Domestic	Foreign	**Total**
HHLA AG and fully consolidated companies			
1 January 2021	22	18	40
Additions	2	5	7
31 December 2021	**24**	**23**	**47**
Companies reported using the equity method			
1 January 2021	11	0	11
31 December 2021	**11**	**0**	**11**
Total 31 December 2021	**35**	**23**	**58**

Subsidiaries

The Consolidated Financial Statements comprise the financial statements for Hamburger Hafen und Logistik Aktiengesellschaft (HHLA) and its significant subsidiaries. Subsidiaries are companies controlled by the Group. The Group is deemed to control a company if it has a risk exposure or right to fluctuating returns resulting from its involvement in the investee and if it can also use its power over the investee to affect these returns. In particular, HHLA controls an investee if – and only if – all of the characteristics listed in IFRS 10.7 apply. Subsidiaries' financial statements are included in the Consolidated Financial Statements from the time control begins until the time control ends.

Subsidiaries with substantial non-controlling interests

Subsidiary	Headquarters	Segment	Equity stake	
			2021	2020
HHLA Container Terminal Altenwerder GmbH	Hamburg	Container	74.9 %	74.9 %

Financial information about the subsidiaries with substantial non-controlling interests

	HHLA Container Terminal Altenwerder GmbH	
in € thousand	**2021**	2020
Percentage of non-controlling interests	25.1 %	25.1 %
Non-current assets	201,368	200,017
Current assets	207,880	180,216
Non-current liabilities	196,986	190,668
Current liabilities	142,980	124,694
Net assets	**69,282**	**64,871**
Book value of non-controlling interests	**16,314**	**- 8,170**
Revenue	290,986	276,635
Annual net profit	1,514	5,639
Other comprehensive income	2,896	- 794
Total comprehensive income	**4,410**	**4,845**
of which attributable to non-controlling interests	1,107	1,216
of which attributable to shareholders of the parent company	3,303	3,629
Cash flow from operating activities	106,345	88,966
Settlement obligation to shareholders of non-controlling interests	- 33,434	- 24,584

Interests in joint ventures

The Group holds interests in joint ventures. As per IFRS 11, a joint venture is subject to a joint contractual agreement between two or more parties to carry out an economic activity which is subject to joint control. Joint control is the contractually agreed division of managerial responsibilities for this arrangement. It only exists if the decisions associated with this business activity require the unanimous consent of the parties involved in joint management.

The HHLA Group holds more than half of the voting rights in the companies HHLA Frucht- und Kühl-Zentrum GmbH, Ulrich Stein Gesellschaft mit beschränkter Haftung and HVVC Hamburg Vessel Coordination Center GmbH yet has no controlling influence as the companies are effectively jointly managed. This is due in principle to the equal representation of the essential corporate bodies (shareholders' meeting, supervisory board and/or management).

Aggregate financial information about individually not material joint ventures

in € thousand	2021	2020
Group share of profit or loss	3,919	3,434
Group share of other comprehensive income	148	- 43
Group share of comprehensive income	**4,067**	**3,391**

No unrecorded losses relating to joint ventures were incurred either in the reporting year or on a cumulative basis.

Aggregate book value of joint ventures

in € thousand	31.12.2021	31.12.2020
Aggregate book value	**12,442**	**13,230**

Interests in associated companies

Companies designated as associated companies are those over which the shareholder has a material influence. At the same time, it is neither a subsidiary nor an interest in a joint venture. A material influence is assumed when it is possible to be involved in the associated company's financial and commercial decisions without exercising a controlling influence. This is generally the case when 20 to 50 % of the voting rights are held, either directly or indirectly.

HHLA does not provide information on associated companies as per IFRS 12 because the relevant companies are of minor importance overall for the Group. HHLA does not believe that this has a negative impact on the statement concerning the nature of interests in other companies and the associated risks. The effects of these interests on the results of operations, net assets and financial position of the HHLA Group are insignificant.

Accounting for interests in joint ventures and associates

Interests in joint ventures and associates are accounted for using the equity method. With the equity method, the share in each joint venture and/or associated company is first stated at acquisition cost. Instead of being amortised, any goodwill recognised within the carrying amount of the investment when it is reported in the balance sheet for the first time is subject to an impairment test for the entire carrying amount of the investment if there are any indications of possible impairment.

As from the acquisition date, HHLA's interest in the results of the joint venture or associated company is recorded in the consolidated income statement, while its interest in changes in equity is recorded directly in equity. These cumulative changes affect the carrying amount of the interest in the joint venture or associated company. As soon as HHLA's share in the company's losses exceeds the carrying amount of the investment, however, HHLA records no further shares in the losses unless HHLA has entered into obligations to that effect or has made payments for the joint venture or associated company.

Significant results from transactions between HHLA and the joint venture or associated company are eliminated in proportion to the interest in the company.

Acquisitions, disposals and other changes to the consolidated group

On 28 September 2020, HHLA International GmbH, Hamburg, signed a shareholding and partnership agreement for the acquisition of 50.01 % of shares in Piattaforma Logistica Trieste S.r.l., Trieste, Italy (PLT). The object of the company is the planning, construction, maintenance and management of the logistics platform between Scalo Legnami and the former Italsider steelworks in the port centre of Trieste. Among other things, this includes conducting operations as a port company, storing materials and goods on behalf of third parties and the promotion, organisation, management and marketing of all services in connection with the exchange of goods, particularly intermodal exchange by ship, train and overland transport and the use of terminals that are equipped for goods transport and logistics of all kinds. The closing of the transaction (corresponding to the acquisition date) was tied to various closing conditions and took place on 7 January 2021. On the same date, the company was renamed HHLA PLT Italy S.r.l. The first-time consolidation of the company took place on the acquisition date. The company was therefore fully consolidated for the first time on 31 March 2021. The purchase price (transferred consideration) was paid in euros.

A capital increase in the amount of € 12,008 thousand was carried out in connection with the acquisition of the shares. The agreements also include various options for both the purchaser and the seller, some of which are mutually dependent. For HHLA PLT Italy S.r.l., various options exist in the medium term to expand the existing infrastructure. HHLA therefore has the opportunity to successively increase its interest by acquiring the shares of former shareholders in conjunction with further capital increases. If these options to expand are not utilised, the former shareholders have the option of selling their remaining shares for € 21,000 thousand to HHLA or maintaining the status quo. As it cannot be ruled out that the former shareholders will exercise the option to sell, a discounted financial liability was recognised directly in equity as part of the first-time consolidation. Utilisation of the options to expand and therefore their occurrence are subject to the approval of HHLA's Supervisory Board.

The following tables depict the consideration transferred for the acquisition of the company and the values of the assets identified, and liabilities acquired, on the date of acquisition based on the acquisition of 50.01 % of the shares:

Composition of the consideration transferred

in € thousand	
Basic purchase price	5,500
Capital increase (pro rata)	6,003
Consideration transferred	**11,503**

Fair value of assets and liabilities (identifiable net assets) and derivation of goodwill of HHLA PLT Italy S.r.l.

in € thousand	100 %	HHLA stake 50,01 %
Cash and cash equivalents	**536**	**268**
Customer relationships	871	436
Carrying amount of net assets acquired	4,866	2,433
Deferred taxes	- 243	- 122
Fair value of assets and liabilities (identifiable net assets)	**6,030**	**3,016**
Plus derived goodwill		8,487
Transferred consideration		**11,503**

The derived goodwill in the amount of € 8,487 thousand based on the acquisition of 50.01 % of the shares reflects the future development of the newly built terminal, as well as the existing general cargo activities and the associated establishment and expansion of customer relations. Besides participating in the growth of activities, HHLA has the prospect of further expanding its rail operations in the Intermodal segment in the Mediterranean and offering customers holistic transport solutions. The goodwill has been allocated to the Container segment. It is not anticipated that a portion of the recorded goodwill will be tax deductible.

The acquired customer relations in the amount of € 871 thousand relate to general cargo.

The fair value of trade receivables amounts to € 1,688 thousand and is collectable in full.

The proportionate net assets of the non-controlling interests recognised in the course of the business combination amount to € 3,015 thousand based on the acquisition of 50.01 % of the shares. This valuation is based on the same criteria that were used to value the acquired assets and liabilities.

Between 1 January and 31 December 2021, the acquired business operations contributed to the HHLA Group's result with revenue of € 8,842 thousand and start-up losses of € 6,114 thousand.

With the shareholding and partnership agreement of 16 December 2020, HHLA AG acquired 80.0 % of shares in iSAM AG, Mülheim an der Ruhr, and its subsidiaries. The object of the company is the development and distribution of IT software and the distribution of IT hardware; consultancy on the development of internal IT concepts, the design and implementation of system solutions, as well as consultancy, development and production with regard to automation concepts in manufacturing, trading and service companies.

The closing of the transaction (corresponding to the acquisition date) was tied to various closing conditions and took place on 19 January 2021. The first-time consolidation of the companies took place on the acquisition date. The companies were therefore fully consolidated for the first time on 31 March 2021.

In the event that existing shareholders wish to sell shares in the company, HHLA has a pre-emptive and co-sale right.

The following table depicts the values of the assets identified, and liabilities acquired, on the date of acquisition:

Fair value of assets and liabilities (identifiable net assets) and derivation of goodwill of iSAM AG

in € thousand	100 %	HHLA stake 80.0 %
Cash and cash equivalents	**2,745**	**2,196**
Property, plant and equipment	3,722	2,978
Technologies	1,791	1,433
Customer relationships and other intangible assets	1,744	1,395
Tax loss carryforwards	860	688
Carrying amount of net assets acquired	609	487
Deferred taxes	- 1,543	- 1,234
Fair value of assets and liabilities (identifiable net assets)	**9,928**	**7,942**
Plus derived goodwill		6,458
Transferred consideration		**14,400**

The derived goodwill in the amount of € 6,458 thousand reflects the opportunity to participate in the future development of the Group and the leveraging of synergies for HHLA's own operations (process optimisations in the area of container handling, strengthening customer loyalty, cross-selling potential). The goodwill has been allocated to the Logistics segment. It is not anticipated that a portion of the recorded goodwill will be tax deductible.

The acquired technologies in the amount of € 1,791 thousand reflect the software solutions developed and marketed by the company to automate process chains in a variety of industries (steel, transport and logistics, and aviation).

Customer relations exist with big-name companies in the logistics, commodities, mining and aviation industries. Thanks to the company's long history stretching back to 1983, the software solutions sold under the iSAM brand since 2002 together with the corresponding hardware solutions for the automation of process chains are well known in the relevant industries.

Subject to a preliminary assessment pursuant to Section 8c (1) sentence 7 of the German Corporation Tax Act (KStG), it is possible to recognise loss carryforwards that can be used for tax purposes.

The fair value of trade receivables amounts to € 750 thousand and is collectable in full.

The fair value of non-controlling interests recorded during the company acquisition stands at € 1,986 thousand. This valuation is based on the same criteria that were used to value the acquired assets and liabilities.

Between 1 January and 31 December 2021, the acquired business operations contributed to the HHLA Group's result with revenue of € 9,486 thousand and a profit of € 1,376 thousand.

With the partnership agreement of 14 December 2020, HHLA AG set up the company HHLA Digital NeXt GmbH, based in Hamburg. The shareholders passed a resolution on 6 August 2021 to change the name of the company to HHLA Digital Next GmbH. The company's objective is the development, spinning off, shareholding or acquisition, maintenance, administration and disposal of companies or participating interests in the fields of transport and logistics, particularly start-ups from the trade and transport tech sector. Its inclusion in the HHLA group of consolidated companies took place on 31 December 2021 as a fully consolidated subsidiary. The company was assigned to the Logistics segment.

With the partnership agreement of 16 December 2021, METRANS a.s., Prague, Czech Republic, founded the company METRANS Zalaegerszeg Kft., based in Budapest, Hungary. The company's objective is the acquisition of a plot of land. Its inclusion in the HHLA group of consolidated companies took place on 31 December 2021 as a fully consolidated subsidiary. The company was assigned to the Intermodal segment.

With the share purchase and transfer agreement dated 16 December 2021, METRANS a.s., Prague, Czech Republic, acquired 100 % of the shares in CL EUROPORT s.r.o., based in Plzen, Czech Republic. The company holds 79.2 % of the shares in CL EUROPORT Sp. z o.o., based in Malaszewicze, Poland. The closing of the transaction (corresponding to the acquisition date) is tied to various closing conditions and took place on 4 January 2022, after the balance sheet date. The first-time consolidation of the company took place on the acquisition date. The purchase price (transferred consideration) was paid in euros.

With the share purchase and transfer agreement dated 16 December 2021, METRANS a.s., Prague, Czech Republic, acquired 20.8 % of the shares in CL EUROPORT Sp. z o.o., based in Malaszewicze, Poland. As a result of this transaction and the one mentioned above, METRANS a.s acquired 100 % of the shares in CL EUROPORT Sp. z o.o. The company's purpose is to operate a container terminal offering intermodal services relating to the handling of container trains, road transport and container storage. The closing of the transaction (corresponding to the acquisition date) is tied to various closing conditions and took place on 4 January 2022, after the balance sheet date. The first-time consolidation of the company took place on the acquisition date. The purchase price (transferred consideration) was paid in euros.

The following tables depict the consideration transferred for the acquisition of the company and the values of the assets identified, and liabilities acquired, on the date of acquisition based on the acquisition of 100 % of the shares:

Composition of the consideration transferred

in € thousand	
Acquisition of 100 % of the shares of CL EUROPORT s.r.o., Plzen/Czech Republic	17,893
Acquisition of 20.8 % of the shares of CL EUROPORT Sp. z o.o., Malaszewicze/Poland	4,690
Transferred consideration	**22,583**

The following table depicts the values of the assets identified, and liabilities acquired, on the date of acquisition:

Preliminary fair value of assets and liabilities (identifiable net assets) and derivation of the thus preliminary goodwill

in € thousand	**100 %**
Cash and cash equivalents	**5,356**
Property, plant and equipment	16,701
Other assets	736
Current and non-current liabilities	- 4,019
Deferred taxes	- 949
Preliminary fair value of assets and liabilities (identifiable net assets)	**17,825**
Plus preliminary derived goodwill	4,758
Transferred consideration	**22,583**

The fair values of the acquired assets and assumed liabilities have only been determined on a provisional basis. The final measurement has yet to be completed and may lead to changes in the fair values of the assets and liabilities. This would result in a change in goodwill.

The preliminary derived goodwill in the amount of € 4,758 thousand reflects the opportunities for a further expansion and therefore the future development of the container terminal as well as the leveraging of synergies and new entry points for the METRANS Group's existing network. The goodwill has been allocated to the Intermodal segment, to the cash-generating unit METRANS. It is not anticipated that a portion of the recorded goodwill will be tax deductible.

The fair value of trade receivables amounts to € 523 thousand and is collectable in full.

There were no other significant acquisitions, purchases or disposals of shares in subsidiaries, or changes to the group of consolidated companies.

4. Foreign currency translation

Monetary assets and liabilities in the separate financial statements for the consolidated companies, which are prepared in local currency, are converted to a foreign currency at the rate applicable on the balance sheet date. The resulting currency differences are recognised in the result for the period.

Non-monetary items held at historical cost in a foreign currency are translated at the applicable rate on the transaction date. Non-monetary items held at fair value in a foreign currency are translated at the rate applicable on the date fair value was measured.

Exchange rate gains and losses recognised in the income statement on foreign currency items resulted in a profit of € 1,638 thousand in the financial year, largely due to the exchange rate movements of the Czech koruna (previous year: expense of € 619 thousand, largely due to the exchange rate development of the Polish zloty).

The concept of functional currency according to IAS 21 is applied when translating all annual financial statements of foreign affiliates prepared in a foreign currency. As the subsidiaries in question are generally independent in terms of their financial, economic and organisational activities, the functional currency is the respective national currency. As of the balance sheet date, the assets and liabilities of these subsidiaries are converted to euros at the rate prevailing on the reporting date. Income and expenses are translated at the weighted average rate for the financial year. Equity components are converted at their respective historical rates when they occur. Any translation differences are recognised as a separate component of equity outside profit or loss. If Group companies leave the group of consolidated companies, the associated translation difference is reversed through profit and loss.

The proportion of equity attributable to shareholders of the parent company rose, with the change recognised directly in equity, by € 5,647 thousand (previous year: a reduction of € 16,131 thousand), largely due to the appreciation of the Ukrainian currency in the amount of € 5,003 thousand (previous year: depreciation of € 14,367 thousand).

Foreign currency translation

		Spot rate = 1€		Average annual rate = 1€	
Currency	ISO-Code	**31.12.2021**	31.12.2020	**2021**	2020
Czech crown	CZK	24.858	26.242	25.686	26.414
Georgian lari	GEL	3.504	4.023	3.826	3.569
Hungarian forint	HUF	369.190	363.890	358.817	352.200
Polish zloty	PLN	4.597	4.560	4.570	4.452
Ukrainian hryvnia	UAH	30.923	34.740	32.455	30.847

5. Effects of new accounting standards

Revised and new IASB/IFRIC standards and interpretations that were mandatory for the first time in the financial year under review.

Standard	Content and significance
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2	The changes in the second phase of the IBOR reform are designed to help reporting parties provide useful information in respect of the upcoming changes in connection with the IBOR reform. They supplement the provisions of the first phase and generally apply in the event that a benchmark interest rate is replaced with another benchmark rate. The EU enacted these amendments in its legislation with Commission Regulation (EU) 2021/25 dated 13 January 2021. The amendments are mandatory for financial years beginning on or after 1 January 2021. First-time application had no impact on the Consolidated Financial Statements.
Amendments to IFRS 4: Extension of the Temporary Exemption from Applying IFRS 9	This amendment to IFRS 4, which was adopted into EU law on 16 December 2020, allows insurance groups to defer the first-time application of IFRS 9 Financial Instruments by another year until the first-time application date of IFRS 17 Insurance Contracts. The exemption was granted to prevent accounting mismatches between assets and equity and liabilities in the insurers' balance sheets. The amendments are mandatory for financial years beginning on or after 1 January 2021. First-time application had no impact on the Consolidated Financial Statements.
Amendment to IFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021	In February 2021, the IASB issued a proposal to extend the application period for the amendment to IFRS 16 approved in May 2020 in respect of Covid-19-related rent concessions in order to provide lessees with continued relief in terms of the accounting of concessions, such as rent deferrals or rent reductions, that have been granted as a direct result of the outbreak of the coronavirus pandemic. Due to the ongoing coronavirus pandemic, the proposal is to extend the current applicability to rental payments due on or before 30 June 2022. The amendments are to be implemented in the short term and are applicable to financial years beginning on or after 1 April 2021. First-time application had no impact on the Consolidated Financial Statements.

Amendments to standards that can be applied on a voluntary basis for the financial year under review but were not adopted by HHLA: The impact on the Consolidated Financial Statements would be immaterial.

Standard	Content and significance
Amendments to IFRS 3 IAS 16 IAS 37 Annual Improvements 2018–2020	On 14 May 2020, the IASB approved a narrow set of amendments to three standards along with the annual improvements. The resulting amendments serve to clarify the wording or correct minor consequences, errors or conflicts between the requirements in the standards. The Amendments to IFRS 3 Business Combinations update a reference within IFRS 3 to the Conceptual Framework, without changing the accounting requirements for business combinations. The Amendments to IAS 16 Property, Plant and Equipment prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing the asset to its intended location or condition (e.g. product samples). Instead, such proceeds and the related costs are to be recognised in profit or loss. The **Amendments to IAS 37** Provisions, Contingent Liabilities and Contingent Assets clarify which costs an entity must consider when assessing whether a contract is onerous. They also regulate the definition of the cost of fulfilling. The **Annual Improvements** result in minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases. All amendments come into force on 1 January 2022.
IFRS 17 Insurance Contracts including Amendments to IFRS 17	On 23 November 2021, the European Union published and thus adopted its regulation on the amendment to IFRS 17 Insurance Contracts including the amendments dated 25 June 2020. Accordingly, entities may exempt themselves from applying IFRS 17.22 for contracts with profit participation. IFRS 17 in its amended version and the associated amendments to various other IFRS are applicable to financial years beginning on or after 1 January 2023.

Standards and interpretations that have been passed by the IASB but not yet adopted by the EU and are not applied by HHLA. Early adoption would, however, require an EU endorsement.

Standard	Content and significance
Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	On 23 January 2020, the IASB published a narrow set of amendments to IAS 1 Presentation of Financial Statements in order to clarify how debt and other liabilities should be classified as current or non-current. The amendments clarify the existing requirements but do not change them, meaning that it is not expected that they will have a significant influence on entities' annual financial statements. They may, however, result in reclassifications. In order to give entities time to prepare for the amendments, the IASB set 1 January 2022 as the effective date. As a response to the coronavirus pandemic, the IASB deferred the effective date by one year on 15 July 2020 in order to give entities more time to implement the classification changes. The amendments are mandatory for financial years beginning on or after 1 January 2023. Early adoption is permitted.
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies	On 12 February 2021, the IASB published the amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2. The amendments will require an entity to only present its "material" accounting policies in the Notes. In order to be "material", the accounting policy must be connected with material transactions or other events and there must be a reason for the presentation. The guidance in Practice Statement 2 has been adapted accordingly. The amendments are mandatory for financial years beginning on or after 1 January 2023. Early adoption is permitted.
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors published by the IASB on 12 February 2021 clarifies how entitles can better distinguish between changes in accounting policies and changes in accounting estimates. It includes the definition that an accounting estimate is always related to a measurement uncertainty for a financial figure in the financial statements. The amendments are mandatory for financial years beginning on or after 1 January 2023. Early adoption is permitted.
Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	On 7 May 2021, the IASB published a narrow set of amendments to IAS 12 in response to existing uncertainties concerning how deferred taxes are accounted for with regard to leases and decommissioning obligations. The amendments mean that deferred taxes should be recognised, for example, on leases accounted for by the lessee and on decommissioning obligations. The amendments are to be applied for reporting periods beginning on or after 1 January 2023. Early adoption is permitted.
Amendments to IFRS 17 Insurance Contracts: First-time Application of IFRS 17 and IFRS 9 – Comparative Information	On 9 December 2021, the IASB published the amendments to IFRS 17 regarding the First-time Application of IFRS 17 and IFRS 9 – Comparative Information. The marginal amendment to IFRS 17 introduces the option to apply a classification overlay approach, provided that certain conditions are met. This means that the comparative information about the financial instruments can be made more meaningful in the year prior to the first-time application of IFRS 17. The amendments are mandatory for financial years beginning on or after 1 January 2023. Early adoption is permitted.

6. Accounting and valuation principles

The Annual Financial Statements of the companies included in the Consolidated Financial Statements are based on uniform accounting and valuation principles. The following specific accounting and valuation principles were applied.

Intangible assets

Intangible assets are capitalised if the assets are identifiable, a future inflow of benefits can be expected and the acquisition and production costs can be ascertained reliably. Intangible assets acquired in return for payment are recognised at acquisition cost. Intangible assets with a finite useful life are amortised over their economic life. The Group reviews the underlying amortisation methods and the useful lives of its intangible assets with a finite useful life as of each balance sheet date.

Intangible assets with an indefinite useful life are subjected to an impairment test at least once a year. If necessary, value adjustments are made in line with future expectations. In the reporting period, there were no intangible assets with an indefinite useful life apart from derivative goodwill.

Internally generated intangible assets are recognised at the costs incurred in their development phase between the time when technological and economic feasibility is determined and production. Costs include all directly attributable costs incurred during the development phase.

The capitalised amount of development costs is subject to an impairment test at least once per year if the asset is not yet in use or if there is evidence of impairment during the course of the year.

Useful life of intangible assets

in years	2021	2020
Software	3 – 10	3 – 10

Property, plant and equipment

Property, plant and equipment is reported at cost less accumulated depreciation, amortisation and impairment. The costs of ongoing maintenance are recognised immediately in profit and loss. The production costs include specific expenses and appropriate portions of attributable production overheads. Demolition obligations are included in the acquisition or production costs at the present value of the obligation as of the time when it arises and an equivalent provision is recognised at the same time. The HHLA Group does not use the revaluation method of accounting. The carrying amounts for property, plant and equipment are tested for impairment if there is evidence that the carrying amount of an asset exceeds its recoverable amount.

Depreciation is carried out on a straight-line basis over an asset's economic life.

The following table shows the principal useful lives which are assumed:

Useful life of property, plant and equipment

in years	2021	2020
Buildings	10 – 70	10 – 70
Technical equipment and machinery	5 – 25	5 – 25
Other plant, operating and office equipment	3 – 20	3 – 20

Borrowing costs

According to IAS 23, borrowing costs which can be directly attributed to the acquisition or production of a qualifying asset are capitalised as a component of the acquisition or production cost of the asset in question. Borrowing costs which cannot be directly attributed to a qualifying asset are recognised as an expense at the time they are incurred.

Investment property

Investment property consists of buildings held for the purpose of generating rental income or for capital gain, and not for supplying goods or services, for administrative purposes or for sale as part of normal business operations.

IAS 40 stipulates that investment property be held at cost less accumulated depreciation and accumulated impairment losses. Subsequent expenses are capitalised if they result in an increase in the investment property's value in use. The useful lives applied are the same as those for property, plant and equipment used by the Group.

The fair values of these properties are disclosed separately in Note 24.

The carrying amounts for investment property are tested for impairment if there is evidence that the carrying amount of an asset exceeds its recoverable amount.

Impairment of assets

As of each balance sheet date, the Group determines whether there are any indications that an asset may be impaired. If there are such indications, or if an annual impairment test is required, as in the case of goodwill, the Group estimates the recoverable amount. This is ascertained as the higher of the fair value of the asset less selling costs and its value in use. The recoverable amount must be determined for each asset individually unless the asset does not generate cash inflows which are largely independent of those generated by other assets or groups of assets. In this case, the recoverable amount of the smallest cash-generating unit (CGU) must be determined. If the carrying amount of an asset exceeds its recoverable amount, the asset is deemed to be impaired and is written down to its recoverable amount. At HHLA, the recoverable amount is generally calculated based on the fair value less selling costs of the cash-generating unit or asset using the discounted cash flow method. This involves discounting estimated future cash flows to their present value using a discount rate after tax which reflects current market expectations of the interest curve and the specific risks of the asset.

The following table shows the discount rate for each cash-generating unit:

Discount rate per cash generating unit

in %	**2021**	2020
CTT/Rosshafen	5.3	4.9
HCCR	5.3	4.9
METRANS	5.8	5.4
HHLA TK Estonia	6.0	5.6
Bionic	9.7	8.7
PLT	7.0	–
iSAM	7.5	–

The cash flow forecasts in the Group's current plans, which are usually for the next five years, are used to determine future cash flows. If new information is available when the financial statements are produced, it is taken into account. Growth factors of 1.0 % (previous year: 1.0 %) were applied in the reporting year. When forecasting cash flows, the Group takes future market and sector expectations as well as past experience into account in its planning. Cash flows are primarily determined on the basis of anticipated volumes and income along with the cost structure arising from the level of capacity utilisation achieved and the technology used.

On each reporting date, an assessment is made as to whether an impairment loss recognised in prior periods no longer exists or has decreased. If there are such indications, the recoverable amount is estimated. Previously recognised impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is raised to its recoverable amount. This higher carrying amount may not exceed the amount which would have been determined, less depreciation or amortisation, if no impairment losses had been recognised in prior years. Any such reversals must be recognised immediately in profit and loss for the period. Following a reversal, the amount of depreciation or amortisation must be adjusted in subsequent periods in order to write down the adjusted carrying amount of the asset, less any residual value, systematically over its remaining useful life.

Impairment losses on goodwill are not reversed.

Financial assets

Depending on the business model under which assets are held and the composition of related payment flows, financial assets are classified at amortised cost, at fair value through other comprehensive income or at fair value through profit and loss.

Business models

IFRS 9 distinguishes between three kinds of business model:

Hold to collect

The objective of this business model is to hold debt instruments, generate contractual cash flows (e.g. interest income) and, upon maturity, to collect the nominal value. In this business model, subsequent measurement is performed at amortised cost, applying the effective interest rate method.

Hold to collect and sell

If debt instruments are held under this business model, the objective is to collect contractual cash flows or to sell the debt instruments. The debt instruments are measured at fair value, with market value fluctuations recorded in equity.

Hold for trading
If debt instruments are held primarily to generate short-term price gains, they are to be assigned to this business model. This category also includes financial assets that do not meet the requirements of the two business models outlined above. Consequently, the debt instruments are measured at fair value through profit and loss.

Nature of payment flows
Alongside the business model, the nature of the contractual cash flows is material. These should only reflect the time value of money and the credit risk of the counterparty. If the interest payments do not meet these criteria, the related debt instruments are assigned to the business model “Hold for trading”.

Classification of financial assets
Classification in accordance with IFRS 9

	Business model	Measurement categories
Financial assets	Hold to collect and sell	Fair value through other comprehensive income (no recycling)
Financial assets	Hold for trading	Fair value through profit or loss
Financial assets	Hold to collect	Amortised cost
Trade receivables	Hold to collect	Amortised cost
Receivables from related parties	Hold to collect	Amortised cost
Cash, cash equivalents and short-term deposits	Hold to collect	Amortised cost

Impairment of financial assets
Pursuant to IFRS 9, losses will be recorded not only once they occur but also as soon as they are expected, depending on whether the default risk of financial assets has worsened significantly since their acquisition. If there is a significant deterioration and if the default risk is not to be classified as “low” on the balance sheet date, all expected losses over the entire term are to be recorded from this point. Otherwise, only the expected losses over the term of the instrument need to be taken into account that result from potential future loss events within the next twelve months.

Exceptions apply in respect of trade receivables and leasing receivables. For these assets, all expected losses over the entire term must (if they do not contain any significant financing components) or may (if they do contain significant financing components) be taken into account regardless of the change in the default risk.

On each balance sheet date, the Group determines whether a financial asset or a portfolio is impaired. For a detailed description of this method, please see Note 47.

Inventories
Inventories include raw materials, consumables and supplies, work in progress, finished products and merchandise. They are initially recognised at acquisition or production cost. Measurement at the balance sheet date is made at the lower of cost and net realisable value. Standard sequences of consumption procedures are not used for valuation. Work in progress is performed over a period stipulated in the relevant contract. Input-based methods are used to determine the level of progress. As such, HHLA recognises revenues on the basis of the endeavours or inputs of the company to fulfil its performance obligation (e.g. hours worked or costs incurred) in relation to the total inputs expected to fulfil this performance obligation. HHLA only recognises the income of a performance obligation fulfilled over a certain period of time if the progress towards complete fulfilment of the performance obligation can be deemed appropriate.

Liabilities
All financial liabilities are to be measured at amortised cost, applying the effective interest rate method. As soon as HHLA becomes a contracting party, financial liabilities are to be recognised. A liability is derecognised as a result of repayment, buy-back or debt relief. The liability is measured at fair value at the time of acquisition, with acquisition costs constituting the most suitable valuation benchmark. Subsequent measurement of financial liabilities is performed at amortised cost, applying the effective interest rate method.

Throughput-dependent share of earnings attributable to non-controlling interests

Background

A profit and loss transfer agreement was in place between the companies HHLA Container-Terminal Altenwerder GmbH (CTA), Hamburg, and Hamburger Hafen und Logistik Aktiengesellschaft (HHLA), Hamburg, from the 2010 financial year to 31 December 2021. On the basis of this agreement, Hamburger Hafen und Logistik Aktiengesellschaft (HHLA) pledges to pay a financial settlement to the non-controlling interest in the CTA Group for the duration of the agreement. The amount of the financial settlement is based largely on earnings and the throughput handled. Should throughput reach a certain level, it is possible for the proportion of earnings allocated to the financial settlement to exceed the share which would result from the non-controlling shareholder's stake in the companies.

Classification as a compound financial instrument

Due to the existence of a profit and loss transfer agreement, the interest held by the non-controlling shareholder was classified up until the previous year as a compound financial instrument as per IAS 32.28 because it contains both debt and equity components. These components must be split and entered as either equity or borrowed capital depending on their classification.

Initial measurement

When it was first entered in 2010, the amount of equity to be reported for the non-controlling interests was calculated by deducting the fair value of the debt component. The fair value of the debt component in the form of this financial settlement was established by discounting the anticipated resulting cash outflows during the original term of the profit and loss transfer agreement.

When this debt component was first recorded under financial liabilities Note 38, it was recognised directly in equity and reduced non-controlling interests within equity as a result Note 35.

The profit and loss transfer agreement was terminated on 7 December 2021. This means the company has no obligation to pay a financial settlement from the 2022 financial year onwards.

Subsequent measurement

Financial liabilities arising from the obligation to pay this financial settlement are recorded in the balance sheet at amortised cost. Changes resulting from the expected cash outflows are recognised in profit and loss. The changes result from adjustments to reflect the actual shares in the CTA Group's earnings and changes in the anticipated future development of the CTA Group. In the previous year, an interest rate of 6.72 % was used for recognising the expected financial settlement for the 2021 financial year. Expenses of € 10,057 thousand (previous year: income of € 5,909 thousand) reported through profit and loss in the reporting year are recorded in financial income Note 16 and only impact the non-controlling interests of the CTA Group. This figure includes expenses of € 8,486 thousand (previous year: income of € 7,961 thousand) from an adjustment to reflect the actual share of earnings and expenses of € 1,571 thousand (previous year: € 2,052 thousand) arising from the discounting payment obligation recognised in the previous year.

Development in non-controlling interests held in the CTA Group

in € thousand	
As of 31 December 2009 prior to conclusion of the profit and loss transfer agreement	**44,617**
As of 31 December 2019, taking actual share of earnings and adjustments to settlement obligation into account	**- 16,467**
Actual share of earnings for 2020	24,584
Impact on financial income through profit and loss resulting from adjustment of the settlement obligation	5,909
Other adjustments	1,437
Comprehensive income reported in equity	31,930
Reclassification of the settlement obligation for 2021 to financial liabilities	- 23,377
As of 31 December 2020, taking actual share of earnings and adjustments to settlement obligation into account	**- 7,914**
Actual share of earnings for 2021	33,432
Impact on financial income through profit and loss resulting from adjustment of the settlement obligation	- 10,057
Other adjustments	1,457
Comprehensive income reported in equity	24,832
As of 31 December 2021, taking actual share of earnings and adjustments to settlement obligation into account	**16,918**

Development in financial liabilities arising from settlement obligations

in € thousand	
As of 31 December 2019 with continuation of settlement obligation	**65,661**
Payment of actual share of earnings for 2019	- 35,170
Impact on financial income through profit and loss resulting from adjustment of the settlement obligation	- 5,909
Reclassification of settlement obligation for 2021 from non-controlling interests	23,377
As of 31 December 2020 with continuation of settlement obligation	**47,959**
Payment of actual share of earnings for 2020	- 24,584
Impact on financial income through profit and loss resulting from adjustment of the settlement obligation	10,057
As of 31 December 2021 with continuation of settlement obligation	**33,432**

Provisions

A provision is formed if the Group has a present (legal or factual) obligation arising from past events, the settlement of which is likely to result in an outflow of resources embodying economic benefits, and if the amount required to settle the obligation can be estimated reliably. The provision is formed for the amount expected to be necessary to settle the obligation, including future increases in prices and costs. If the Group anticipates at least a partial reimbursement of an amount made as a provision (e.g. in the case of an insurance contract), the reimbursement is recognised as a separate asset only if it is virtually certain. The expenses arising from recognising the provision are disclosed in the income statement after the reimbursement has been deducted. If the interest effect is substantial, non-current provisions are discounted before tax at an interest rate which reflects the specific risks associated with the liability. In the event of discounting, the increase in the amount of the provision over time is recognised under interest expenses.

Pensions and other post-employment benefits

Pension obligations

Pensions and similar obligations include the Group's benefit obligations under defined benefit obligations. Provisions for pension obligations are calculated in accordance with IAS 19 (revised 2011) using the projected unit credit method. Actuarial gains and losses are taken directly to equity and recognised in other comprehensive income, after accounting for deferred taxes. Service expense affecting net income is recognised in personnel expenses and the interest proportion of the addition to provisions is recognised in the financial result.

Actuarial opinions are commissioned annually to measure pension obligations.

Phased early retirement obligations

The compensation to be paid in the release phase of the so-called block model is recognised as provisions for phased early retirement. It is recognised pro rata over the working period over which the entitlements accrue. Since 1 January 2013 and in accordance with IAS 19 (revised 2011), provisions for supplementary amounts have only been accrued pro rata over the required service period, which regularly ends when the passive phase begins.

Actuarial opinions are commissioned annually to measure compensation obligations in the release phase of the block model and supplementary amounts.

If payment obligations do not become payable until after twelve months' time because of entitlements in the block model or supplementary amounts, they are recognised at their present value.

Leases

A lease is a contract that entitles one party to use an identifiable asset of the other party for a certain period of time in exchange for payment of a fee.

As the lessee

Pursuant to IFRS 16, the Group generally recognises assets for the usage rights of the leased assets, and liabilities for the payment obligations entered into, for all leases on the balance sheet at their present value. The lessee makes the following payments over the course of the usage period for the leased asset:

- Fixed payments without lease incentives
- Variable lease payments that are pegged to an index or interest rate
- Anticipated residual value payments from residual value guarantees
- The exercise price of a purchase option, if exercise thereof is deemed sufficiently certain
- Compensation payments incurred if the lessee exercises a termination option

Lease payments are discounted using the interest rate on which the lease is based, insofar as this rate can be determined. Otherwise, the incremental borrowing rate of the lessee (HHLA Group) will be included in the discounting.

During initial measurement, rights of use are valued at cost on the date of provision. This includes:

- the amount arising from initial measurement of the lease liability;
- the lease payments made at the time of, or prior to, provision, less any lease incentives received;
- any initial direct costs incurred by the lessee; and
- costs arising from demolition obligations.

Subsequent measurement shall be based on amortised cost. Amortisation on rights of use is recognised on a straight-line basis over the expected useful life or the term of the lease agreement, whichever is shorter. Lease liabilities are carried at their carrying amount using the effective interest rate method.

Lease payments arising from short-term leases, leases for low-value assets, and variable lease payments are recognised on a straight-line accrual basis as an expense on the income statement.

As the lessor

The HHLA Group lets properties in and around the Port of Hamburg as well as office properties, warehouses and other commercial space. The rental contracts are classified as operating leases, as the main risks and potential rewards of the properties remain with the Group. The properties are therefore held as investment properties at amortised cost.

Rental income from investment properties is recognised on a straight-line basis over the term of the leases.

Recognition of income and expenses

Income is recognised when it is probable that the economic benefit will flow to the Group and the amount of income can be determined reliably. The following criteria must also be met for income to be recognised:

Sale of goods and merchandise

A five-step model – in which the contract with a customer, the performance obligation and the transaction price are identified – is used to determine the time and amount at which revenue is to be recorded pursuant to IFRS 15. The model stipulates that revenue is to be recorded at the time control over goods or services passes from the company to the buyer and at the amount to which the company is expected to be entitled (acquisition of power of disposal).

Provision of services

Income from services is recognised in accordance with the extent to which the service has been provided over time or, if not applicable, at a point in time. If recorded over time, the extent to which the service has been provided is determined by the number of hours worked as of the balance sheet date as a percentage of the total number of hours estimated for the project. If the result of a service transaction cannot be estimated reliably, income is recognised only to the extent that the expenses incurred are eligible for reimbursement.

Interest
Interest income and interest expenses are recognised when they are accrued or incurred.

Dividends
Income from dividends is recognised in profit and loss when the Group has a legal right to payment. This does not apply to dividends distributed by companies accounted for using the equity method.

Income and expenses
Operating expenses are recognised in profit or loss when the service is rendered or when the expense is incurred. Income and expenses resulting from identical transactions or events are recognised in the same period. Rental expenses are recognised on a straight-line basis over the lease term.

Government grants
Government grants are recognised when there is reasonable certainty that they will be granted and the company fulfils the necessary conditions. Grants paid as reimbursement for expenses are recognised as income over the period necessary to offset them against the expenses for which they are intended to compensate. If grants relate to an asset, they are generally deducted from the asset's cost of purchase and recognised in profit and loss on a straight-line basis by reducing the depreciation for the asset over its useful life. The conditions for the subsidies include obligations to operate the subsidised equipment for a retention period of 5 to 20 years, observe certain operating criteria and provide the subsidising body with evidence for the use of the funds.

There is sufficient certainty that all the conditions have been or will be fulfilled for the government grants totalling € 61,083 thousand which were paid to the HHLA Group in the period between 2001 and 2021. These grants have been deducted from the cost of purchasing the subsidised investments. The HHLA Group received € 2,589 thousand in government grants in the reporting year.

Taxes
Current claims for tax rebates and tax liabilities
Current claims for tax rebates and tax liabilities for the financial year and prior periods are measured at the amount for which a rebate is expected from, or payment must be made to, the tax authorities. The tax rates and tax legislation in force as of the balance sheet date are used to determine the amount.

Deferred taxes
Deferred taxes are recognised by using the balance sheet liabilities method on all temporary differences as of the reporting date between the carrying amount of an asset or liability in the balance sheet and the amount for tax purposes, as well as on tax loss carry-forwards.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences and unused tax loss carry-forwards proportionate to the probability that taxable income will be available to offset against the deductible temporary differences and the unused tax loss carry-forwards.

The carrying amount of deferred tax assets is reviewed on each balance sheet date and reduced to the extent that it is no longer likely that sufficient taxable profits will be available to use against the deferred tax asset. Unrecognised deferred tax assets are reviewed on each balance sheet date and recognised proportionate to the likelihood that future taxable profits will make it possible to use deferred tax assets.

Deferred tax assets and liabilities are measured using the tax rates expected to apply in the period in which the asset is realised or the liability is met. Tax rates (and tax regulations) are applied if they have already been enacted as of the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity, likewise not affecting net income.

Deferred tax assets and liabilities are netted only if the deferred taxes relate to income taxes for the same tax authority and the current taxes may also be set off against one another.

Derivative financial instruments and hedging transactions

During the reporting period, the Group did not conduct any hedging transactions to hedge fair value or net investments in a foreign operation. Currency hedging transactions to hedge future cash flows were conducted. Interest rate swaps also exist as part of interest rate management. The instruments are measured at fair value.

7. Significant assumptions and estimates

Preparing the Consolidated Financial Statements in accordance with IFRS requires management to make estimates and assess individual facts and circumstances. The estimates made are based on past experience and other relevant factors and on a going concern basis.

The amounts which actually arise may differ from those resulting from estimates and assumptions.

The accounting and valuation principles applied are explained in Note 6. Material assumptions and estimates affect the following issues:

Business combinations

The fair value of the assets acquired and liabilities and contingent liabilities assumed as a result of business combinations must be estimated. For this purpose, HHLA either relies on the opinions of independent external experts or calculates the fair value internally using suitable calculation models. These are normally based on discounted cash flows. Depending on the nature of the assets or the availability of information, market price, capital value and cost-oriented valuation methods are applied.

Goodwill

The Group tests goodwill for impairment at least once a year. This requires an estimate of the fair value generally used at HHLA less selling costs of the cash-generating units to which the goodwill has been allocated. To estimate the fair value less selling costs, the Group must forecast the likely future cash flows from the cash-generating unit and also choose an appropriate discount rate with which to calculate the present value of these cash flows. Unforeseeable changes may mean that the assumptions used during planning are no longer appropriate, making it necessary to adjust plans. An impairment loss could be incurred as a result. For more information, please refer to Note 22.

Investment property

The fair value of investment property must be disclosed in the Notes. HHLA carries out its own calculations to determine the fair value of this property. Industry-standard discounted cash flow methods are applied. The calculations are based on assumptions about applicable interest rates and the amount and time frame of expected future cash flows which these assets can generate. Detailed information is available in Note 24.

Pension provisions

Actuarial opinions are commissioned annually to determine the expenses for pensions and similar obligations. These calculations include assumptions about demographic changes, salary and pension increases, and interest, inflation and fluctuation rates. Because these assumptions are long-term in nature, the observations are assumed to be characterised by material uncertainties. More detailed information is available in Note 36.

Demolition obligations

Provisions for demolition obligations result from obligations to be met at the end of the lease term under long-term lease agreements with the Free and Hanseatic City of Hamburg. All HHLA Group companies in the Port of Hamburg are obliged to return leased land free of all buildings owned by them at the end of the lease term. To calculate the amount of the provision, it was assumed that the obligation would be carried out in full for all leased property, with the exception of buildings designated as historical landmarks in the Speicherstadt historical warehouse district. The calculations are based on assumptions concerning the amount of demolition work necessary, interest rates and inflation. For more information, please refer to Note 37.

Restructuring provisions

HHLA has formed provisions for restructuring as part of an efficiency programme in the Container segment. The measures reflected in the provision comprise the conclusion of phased early retirement contracts with a leave of absence during the active phase. The start of the active phase is contingent on a minimum length of service of five years. The measurement of the provision is largely determined by the number of employees to be considered, the overall scope of the phased early retirement model, which is structured as a block model, and the leave of absence period during the active phase. HHLA has made estimates based on the announcements and implementation plans. More detailed information is available in Note 37.

Provisions for phased early retirement

All employees who have signed, or are expected to sign, an agreement are taken into consideration when recognising and measuring provisions for phased early retirement. The number of employees expected to sign is an estimate. The appraisal reports are also based on actuarial assumptions. For more information, please refer to Note 37.

Leases

Some lease agreements include renewal options. When determining contractual terms, all facts and circumstances are taken into consideration that offer an economic incentive to exercise renewal options. Changes to the contractual term arising from the exercise of such options are factored into the contractual term if they are sufficiently certain. For more information, please refer to Note 45.

Non-current and current financial liabilities

In addition to liabilities from leases, this item includes financial settlement obligations to shareholders with non-controlling interests in consolidated subsidiaries. These liabilities exist because HHLA had a profit and loss transfer agreement with a subsidiary up until 31 December 2021, which entitled non-controlling interests to receive financial settlements, see Note 6. The parameters used to calculate this amount are subject to significant uncertainties which can cause figures to fluctuate accordingly. More detailed information is available in Note 38.

Calculating fair value

The fair value measured for financial and non-financial assets and liabilities is regularly reviewed by the Group.

The Group also regularly reviews key unobservable input factors and valuation adjustments. When the fair value of an asset or liability is calculated, the Group uses observable market data whenever possible. Based on the input factors used during valuation, the fair values calculated are classified as belonging to different levels of the fair value hierarchy:

Fair value hierarchy

	Content and significance
Level 1	Listed prices (non-adjusted) on active markets for identical assets or liabilities
Level 2	Valuation parameters which do not involve the listed prices included in level 1 but which are observable for the asset or liability either directly (i.e. as a price) or indirectly (i.e. as determined through prices)
Level 3	Valuation parameters for assets or liabilities which are not based on observable market data

The Group records any transfers between the various levels of the fair value hierarchy at the end of the reporting period in which the amendment was made.

For details of the valuation methods and input parameters used to measure the fair value of the various assets and liabilities, please see Note 24 and Note 47.

Notes to the income statement

8. Revenue

In the segment report, the revenue is broken down by segment, including inter-segment revenue. The revenue is broken down by region in Note 44 of the notes to the segment report. This note also contains segment-specific details on the type of revenue.

9. Changes in inventories

Changes in inventories

in € thousand	2021	2020
	3,088	**61**

Changes in inventories relate to changes in the inventories of finished products and work in progress. The increase is essentially due to unfinished projects at a company newly added to HHLA's group of consolidated companies.

10. Own work capitalised

Own work capitalised

in € thousand	2021	2020
	4,157	**4,587**

As in the previous year, own work capitalised results mainly from development activities and from technical work capitalised in the course of construction work.

11. Other operating income

Other operating income

in € thousand	2021	2020
Income from reimbursements	10,133	15,627
Income from compensation	3,037	3,130
Income from reversal of other provisions	2,496	2,218
Income from exchange rate differences	2,280	1,402
Other	33,993	28,453
	51,939	**50,830**

As in the previous year, income from reimbursements relates primarily to costs which were passed on in connection with leases. In the reporting period, significantly lower reimbursed subsidies were received compared to the previous year.

Other operating income includes income from the outsourcing of personnel of € 5,664 thousand (previous year: € 5,212 thousand), income from staff catering of € 2,173 thousand (previous year: € 2,592 thousand) and a gain arising from the derecognition through profit and loss of a liability from a contingent consideration in the amount of € 2,064 thousand that occurred in connection with the acquisition of shares in Bionic Production GmbH, Lüneburg (previous year: € 4,327 thousand). This liability from the contingent consideration was derecognised, as the conditions are unlikely to occur. The matter comes within the economic context of the development described in Note 22 and the resulting impairment loss. Other operating income also includes income from the derecognition of liabilities recognised in previous periods, which was up on the previous year. Furthermore, other operating income includes numerous smaller individual items.

12. Cost of materials

Cost of materials

in € thousand	2021	2020
Raw materials, consumables and supplies	105,721	92,618
Purchased service	297,991	285,584
Leasing costs	1,104	875
	404,816	**379,077**

The expenses for purchased services mainly consist of the cost of rail services and road transport services purchased by the Intermodal segment.

For further details of leases, please refer to Note 45.

13. Personnel expenses

Personnel expenses

in € thousand	2021	2020
Wages and salaries	386,650	362,775
Staff deployment	67,485	55,831
Social security contributions and benefits	84,334	114,287
Service expense	15,587	14,062
Other retirement benefit expenses	389	1,143
	554,445	**548,098**

The direct remuneration paid to members of the Executive Board totalled € 3,200 thousand for the financial year 2021 (previous year: € 3,182 thousand). More details on the remuneration paid to the Executive Board and the Supervisory Board can be found in Note 48.

The rise in personnel expenses in the reporting year is essentially due to increases in union wage rates and the addition of new companies to the group of consolidated companies.

Due to the previous year's decrease in capacity utilisation at the container terminals in Hamburg, which was mainly caused by the coronavirus pandemic, there was an increase in expenses for staff deployment.

Social security contributions and benefits in the previous year included a significantly higher addition to a provision for restructuring as part of an efficiency programme. Social security contributions include payments towards the public pension scheme amounting to € 32,463 thousand (previous year: € 30,509 thousand) and payments to the German pension insurance scheme.

Service expense includes payments from defined benefit pension commitments and similar obligations, see Note 36.

Average number of employees of fully consolidated companies

	2021	2020
Employees receiving wages	3,384	3,359
Salaried staff	2,966	2,869
Trainees	73	70
	6,423	**6,298**

In addition, the Group used an annual average of 624 employees (previous year: 549) of Gesamthafenbetriebs Gesellschaft m.b.H., Hamburg (GHB).

14. Other operating expenses

Other operating expenses

in € thousand	**2021**	2020
Consultancy, services, insurance and auditing expenses	64,367	50,229
External maintenance services	42,217	46,775
Leasing costs	12,286	7,211
Travel expenses, advertising and promotional costs	4,017	2,982
Other personnel expenses	3,431	3,519
External and internal cleaning costs	2,890	2,529
Other taxes	2,708	2,440
Other venture expenses	2,504	1,426
Postage and telecommunications costs	1,901	1,828
Impairment losses on financial assets	1,782	2,731
Expenses from exchange rate differences	991	1,353
Losses on the disposal of property, plant and equipment	780	558
Other	18,795	15,156
	158,669	**138,737**

Expenses for consultancy, services, insurance and auditing increased, mainly due to an increased need for project-related consultancy.

Expenses for external maintenance services decreased due to higher real estate-related maintenance expenses in the previous year and a greater need for maintenance to the IT infrastructure in the previous year.

The HHLA Group regards the impairment losses on financial assets listed above as immaterial and has therefore decided not to show them separately in the income statement.

Other operating expenses also include numerous smaller individual items.

15. Depreciation and amortisation

Depreciation and amortisation

in € thousand	**2021**	2020
Intangible assets	11,649	11,230
Property, plant and equipment	159,481	146,053
Investment property	7,371	8,549
	178,501	**165,832**

A classification of the depreciation and amortisation by asset category is shown in the fixed asset movement schedule, see Note 22, Note 23 and Note 24.

16. Financial result

Financial result

in € thousand	2021	2020
Earnings from associates accounted for using the equity method	**4,350**	**3,601**
Income from exchange rate differences	697	709
Interest income from non-affiliated companies and non-consolidated affiliated companies	424	579
Income from currency hedging instruments at fair value	375	0
Interest portion of other provisions	80	0
Interest income from bank balances	15	44
Income from the adjustment of settlement obligations to shareholders with non-controlling interests	0	5,909
Other	5	0
Interest income	**1,596**	**7,241**
Interest included in lease payments	22,397	21,581
Expenses from the adjustment of settlement obligations to shareholders with non-controlling interests	10,057	0
Interest expenses on bank liabilities	5,590	5,303
Interest portion of other provisions	1,496	1,012
Interest expenses to non-affiliated companies and non-consolidated affiliated companies	1,358	1,625
Interest portion of pension provisions	1,164	3,520
Expenses from exchange rate differences	348	1,377
Expenses from currency hedging instruments at fair value	0	883
Interest expenses	**42,410**	**35,301**
Net interest income	**- 40,814**	**- 28,060**
Depreciation and amortisation on financial assets	- 95	0
Other financial result	**- 95**	**0**
	- 36,558	**- 24,460**

Earnings from companies accounted for using the equity method relate to the pro rata annual earnings of the joint ventures and associates, see also Note 25.

For information on expenses (previous year: gains) from the adjustment of settlement obligations to shareholders with non-controlling interests, see Note 6.

See Note 38 for information about the interest conditions related to interest expenses associated with liabilities to banks.

17. Research and development costs

Research and development costs of € 2,389 thousand were incurred in the 2021 financial year (previous year: € 4,412 thousand). These primarily relate to research as part of the subsidy programme for Innovative Port Technologies (IHATEC) and research on technologies for the transportation of hydrogen (TransHyDE). They also relate to the development of air-assisted logistics services.

18. Income tax

Paid or outstanding income taxes and deferred taxes are shown under the item income taxes. Income taxes are made up of corporation tax, a solidarity surcharge and trade tax. Companies domiciled in Germany pay corporation tax of 15.0 % and a solidarity surcharge of 5.5 % of the corporation tax expense. These companies and German-based subsidiaries in the legal form of limited partnerships are also liable for trade tax, which is imposed at different local rates. Trade tax does not reduce the amount of a limited company's profits on which corporation tax is payable.

Income tax

In € thousand	2021	2020
Deferred taxes on temporary differences	**3,128**	**- 9,357**
of which domestic	957	- 10,955
of which foreign	2,171	1,598
Deferred taxes on losses carried forward	**- 1,969**	**452**
of which domestic	- 860	0
of which foreign	- 1,109	452
Total deferred taxes	**1,159**	**- 8,905**
Current income tax expense	**57,560**	**33,878**
of which domestic	38,431	19,511
of which foreign	19,129	14,367
	58,719	**24,973**

Current income tax expenses include tax expenses from other accounting periods amounting to € - 35 thousand (previous year: € 1,189 thousand).

Deferred tax assets and liabilities result from temporary differences and tax loss carry-forwards.

Deferred taxes recognised in the balance sheet

	Deferred tax assets		Deferred tax liabilities	
in € thousand	**31.12.2021**	31.12.2020	**31.12.2021**	31.12.2020
Intangible assets	0	0	5,564	5,194
Property, plant and equipment	0	0	31,362	28,728
Investment property	0	0	8,945	9,346
Other assets	1,840	1,833	4,386	3,626
Pension and other provisions	114,614	129,874	1,346	1,204
Other liabilities	36,307	35,730	417	394
Tax losses carried forward	2,375	406	0	0
	155,136	**167,843**	**52,020**	**48,492**
Netted amounts	- 27,254	- 26,423	- 27,254	- 26,423
	127,882	**141,420**	**24,766**	**22,069**

Reconciliation between the income tax and hypothetical tax based on the IFRS result and the Group's applicable tax rate

in € thousand	2021	2020
Earnings before tax (EBT)	**191,617**	**99,105**
Income tax expense at hypothetical income tax rate of 32.28 % (previous year: 32.28 %)	61,854	31,991
Tax income (-), tax expenses (+) for prior years	- 244	1,233
Tax-free income	942	2,331
Non-deductible expenses	2,752	1,983
Trade tax additions and reductions	- 57	- 624
Permanent differences	3,695	- 1,498
Differences in tax rates	- 14,806	- 12,811
Impairment losses in deferred tax assets	4,503	2,393
Other tax effects	80	- 25
Income tax	**58,719**	**24,973**

Deferred taxes are calculated on the basis of the tax rates currently in force in Germany or those expected to apply at the time of realisation. A tax rate of 32.28 % was used for the calculations in both the reporting year and the previous year. This is made up of corporation tax at 15.0 %, a solidarity surcharge of 5.5 % of the corporation tax, and the trade tax payable in Hamburg of 16.45 %. Limited partnerships are also liable for trade tax. Due to special rules, property management companies generally do not pay trade tax. Due to rules on minimum taxation, tax loss carry-forwards are only partially usable in Germany. Tax losses of up to € 1 million can be set off against taxable profits without restriction, and higher tax losses up to a maximum of 60 %.

Permanent differences only include items for which no deferred taxes are recognised due to their permanent nature. The change compared to the previous year is essentially due to the discounting of an entitlement to financial settlement resulting from a profit and loss transfer agreement.

The effects of tax rates for domestic and foreign taxes that diverge from the Group parent company's tax rate are reported in offsetting and reconciliation under differences in tax rates.

Deferred tax assets are recognised on tax loss carry-forwards and temporary differences if it is sufficiently certain that they can be realised in the near future. The Group has corporation and trade tax loss carry-forwards of € 2,381 thousand (previous year: € 0 thousand) for which deferred tax assets of € 860 thousand (previous year: € 0 thousand) are recognised. Deferred taxes of € 1,515 thousand (previous year: € 406 thousand) are recognised on foreign tax loss carry-forwards of € 6,008 thousand (previous year: € 2,138 thousand). No deferred tax assets are recognised for domestic corporation tax loss carry-forwards of € 14,612 thousand (previous year: € 7,955 thousand), domestic trade tax loss carry-forwards of € 36,318 thousand (previous year: € 23,956 thousand) and foreign tax loss carry-forwards of € 32,119 thousand (previous year: € 20,950 thousand). Under current legislation, tax losses can be carried forward in Germany without restriction.

Deferred tax assets of € 28,045 thousand (previous year: € 43,459 thousand) recognised directly in equity without effect on profit and loss come from actuarial gains and losses on pension provisions and unrealised gains/losses arising from financial assets measured at fair value.

Deferred taxes recognised in the statement of comprehensive income

	Gross		Taxes		Net	
in € thousand	2021	2020	2021	2020	2021	2020
Actuarial gains/losses	47,742	- 22,376	- 15,405	7,220	32,337	- 15,156
Cash flow hedges	8	0	0	0	8	0
Unrealised gains/losses on available-for-sale financial assets	27	- 164	- 9	0	18	- 164
	47,777	**- 22,540**	**- 15,414**	**7,220**	**32,363**	**- 15,320**

19. Share of results attributable to non-controlling interests

Profits attributable to non-controlling interests amounting to € 20,557 thousand (previous year: € 31,558 thousand) mainly relate to non-controlling shareholders of HHLA Container Terminal Altenwerder GmbH, Hamburg (CTA). This share of earnings was reduced due to interest expenses (previous year: interest income) arising from the measurement of a settlement obligation to a non-controlling shareholder. A higher actual share of earnings attributable to the CTA had the opposite effect.

20. Earnings per share

Basic earnings per share in €

	Group		Port Logistics subgroup		Real Estate subgroup	
	2021	2020	**2021**	2020	**2021**	2020
Share of consolidated net profit attributable to shareholders of the parent company in € thousand	112,340	42,575	103,116	35,278	9,224	7,297
Number of common shares in circulation (weighted average)	74,806,496	73,240,627	72,101,996	70,536,127	2,704,500	2,704,500
	1.50	**0.58**	**1.43**	**0.50**	**3.41**	**2.70**

In the financial year, a capital increase in return for contribution in kind was carried out in connection with the dividend distribution to holders of Class A shares. As part of this capital increase, 814,723 new no-par-value registered Class A shares were issued to holders of Class A shares, with each share representing € 1.00 of the share capital. This was accounted for accordingly in the figures for the reporting year in respect of the weighted average of common shares in circulation for the Group as a whole and for the Port Logistics subgroup. For further information, please refer to Note 21.

The capital increase carried out in September 2020 in connection with the dividend distribution to the holders of Class A shares in return for contributions in kind caused the number of common shares in circulation to increase by 1,651,381. This change is reflected in the table above and did not have any significant effect on the earnings per share.

Basic earnings per share are calculated in accordance with IAS 33 by dividing the profit after tax and minority interests attributable to the shareholders of the parent company by the average number of shares.

The diluted earnings per share are identical to the basic EPS, as there were no conversion or option rights in circulation during the financial year.

21. Dividend per share

The dividend entitlement for the share classes is based on the portion of the distributable profit attributable to the relevant division. This is calculated in accordance with the German Commercial Code (HGB).

A resolution was passed at the Annual General Meeting held on 10 June 2021 to distribute a portion of the distributable profit for the 2020 financial year through the payment of a dividend to holders of common shares in the amount of € 0.45 per Class A share and € 2.10 per Class S share. On the basis of a subscription offer to all holders of Class A shares, Class A shareholders were granted the right to assert the dividend entitlements arising from the resolution on the appropriation of net income on a pro rata basis in the amount of € 0.32 (pro rata dividend entitlement) as a contribution in kind for the granting of new Class A shares from a capital increase from Authorised Capital I (Art. 3 [4] of the articles of association) (share dividend). The remaining portion of the dividend in the amount of € 0.13 was paid in cash – irrespective of the exercise of the option right by Class A shareholders. No corresponding option right was granted to holders of Class S shares.

The option right in favour of the share dividend was exercised for a total of 53,445,828 Class A shares. On the basis of the subscription ratio, the subscription price and further regulations governing the share dividend, a total of 814,723 new Class A shares, each representing € 1.00 of the company's share capital, were issued from Authorised Capital I. The share capital of Hamburger Hafen und Logistik Aktiengesellschaft (HHLA) now amounts to 75,219,438 shares: 72,514,938 Class A shares and an unchanged 2,704,500 Class S shares. For further information, please refer to Note 35. The cash payment of the dividend totalling € 15,162 thousand was made following expiry of the subscription period on 6 July 2021.

The remaining undistributed profit was carried forward to new account.

For the reporting period, the Executive Board and the Supervisory Board will propose to the Annual General Meeting on 16 June 2022 the distribution of a cash dividend of € 0.75 per dividend-entitled listed Class A share and a cash dividend of € 2.10 per non-listed Class S share. Based on the number of dividend-entitled shares as of 31 December 2021, this is equivalent to a distribution amount of € 54,386 thousand for the Port Logistics subgroup and of € 5,679 thousand for the Real Estate subgroup.

Notes to the balance sheet

22. Intangible assets

Development of intangible assets

in € thousand	Goodwill	Software	Internally developed software	Other intangible assets	Payments made on account	Total
Carrying amount as of 1 January 2020	**55,536**	**5,580**	**29,005**	**13,241**	**1,144**	**104,506**
Acquisition or production cost						
1 January 2020	55,536	62,884	72,331	16,432	1,144	208,327
Additions		1,630	3,049	290	2,986	7,955
Disposals		- 295		- 4	- 5	- 304
Reclassifications		526		187	- 715	- 2
Changes in scope of consolidation/consolidation method						0
Effects of changes in exchange rates		- 784		- 152	- 67	- 1,003
31 December 2020	**55,536**	**63,961**	**75,380**	**16,753**	**3,343**	**214,973**
Accumulated depreciation, amortisation and impairment						
1 January 2020	0	57,304	43,326	3,191	0	103,821
Additions	4,037	2,336	3,187	1,670		11,230
Disposals		- 295		- 4		- 299
Reclassifications						0
Changes in scope of consolidation/consolidation method						0
Effects of changes in exchange rates		- 601		- 18		- 619
31 December 2020	**4,037**	**58,744**	**46,513**	**4,839**	**0**	**114,133**
Carrying amount as of 31 December 2020	**51,499**	**5,217**	**28,867**	**11,914**	**3,343**	**100,840**
Carrying amount as of 1 January 2021	**51,499**	**5,217**	**28,867**	**11,914**	**3,343**	**100,840**
Acquisition or production cost						
1 January 2021	55,536	63,961	75,380	16,753	3,343	214,973
Additions	14,945	1,327	3,479	73	6,134	25,958
Disposals		- 1,365	- 695		- 6	- 2,066
Reclassifications		750			- 781	- 31
Changes in scope of consolidation/consolidation method		307		4,406		4,713
Effects of changes in exchange rates		334		- 19	9	324
31 December 2021	**70,481**	**65,314**	**78,164**	**21,213**	**8,699**	**243,871**
Accumulated depreciation, amortisation and impairment						
1 January 2021	4,037	58,744	46,513	4,839	0	114,133
Additions	4,982	1,975	2,425	2,267		11,649
Disposals		- 1,365	- 695			- 2,060
Reclassifications						0
Changes in scope of consolidations/consolidation method						0
Effects of changes in exchange rates		252		- 2		250
31 December 2021	**9,019**	**59,606**	**48,243**	**7,104**	**0**	**123,972**
Carrying amount as of 31 December 2021	**61,462**	**5,708**	**29,921**	**14,109**	**8,699**	**119,899**

Carrying amounts for goodwill by segments

in € thousand	**31.12.2021**	31.12.2020
Container	53,492	45,005
Intermodal	1,512	1,512
Logistics	6,458	4,982
	61,462	**51,499**

The goodwill of the cash-generating unit (CGU) CTT/Rosshafen in the amount of € 35,525 thousand, the CGU HHLA TK Estonia in the amount of € 7,587 thousand and the CGU HCCR in the amount of € 1,893 thousand is attributable to the Container segment. The goodwill newly recognised in the Container segment in the amount of € 8,487 thousand is due to the acquisition of HHLA PLT Italy S.r.l., Trieste, Italy, see Note 3.

The goodwill newly recognised in the Logistics segment in the amount of € 6,458 thousand is due to the acquisition of iSAM AG, Mülheim an der Ruhr, and its three subsidiaries, which have been added to HHLA's group of consolidated companies, see Note 3.

The goodwill attributable to the Logistics segment as a result of the acquisition of Bionic Production GmbH, Lüneburg (Bionic), was tested for impairment in the second quarter of 2021 due to the deterioration in the global economic environment. The Executive Board of HHLA AG calculated a recoverable amount of € 14,098 thousand for the CGU Bionic. As a result, an impairment loss of € 994 thousand was recognised in the second quarter, reducing the carrying amount of the goodwill attributable to this CGU to € 3,988 thousand (31 December 2020: € 4,982 thousand).

As of the measurement date of 31 December 2021 and as part of the annual review of goodwill for the CGU Bionic, the recoverable amount was calculated once again. The continuing difficult situation led to a significantly reduced recoverable amount of € 5,857 thousand compared with the second quarter of 2021. The carrying amount of the goodwill as of 30 June 2021 in the amount of € 3,988 thousand was completely revalued as a result. In connection with this revaluation, a conditional purchase price liability of € 2,064 thousand was derecognised through profit or loss as the conditions are unlikely to occur, see Note 11.

Both in the second quarter and as of the reporting date of 31 December 2021, the recoverable amount was determined using the fair value less costs of sale. The measurement is classed as level 3 of the fair value hierarchy due to the non-observable inputs used in the measurement.

The management approach and key assumptions for determining fair value less costs to sell

Unobservable input factor	**Approach to determining the assumption**	**Values assigned to the key assumption as of**		
		31.12.2020	30.06.2021	**31.12.2021**
Disposal costs	Estimated on the basis of the company's experience with the sale of assets	353 thousand €	282 thousand €	120 thousand €
Cash flow forecast period	9-year forecast approved by the Executive Board of HHLA AG, prepared by the management	9 years	4.5 years	8 years
Capitalisation interest rate	Illustrates the specific risks	8.66 %	9.91 %	9.65 %
Long term growth rate	Denotes the weighted average growth rate used to extrapolate cash flows beyond the forecast period	1 %	1 %	1 %

As of the measurement date of 31 December 2021 and as part of the annual review of goodwill for the CGU PLT, which was added to the group of consolidated companies in 2021, the recoverable amount was calculated as the fair value less costs of sale using the discounted cash flow method. The discount rate after tax is 7.0 %. A growth factor of 1.0 % was applied.

Based on the estimate used, the recoverable amount for the CGU PLT is approximately € 3.1 million higher than the carrying amount for valuation purposes. As the recoverable amount is close to the carrying amount, the management considers it possible that there could be a change in material assumptions which would lead to the carrying amount exceeding the recoverable amount.

The overview below shows the necessary change in the various material valuation parameters which would lead to the recoverable amount being the same as the carrying amount.

Valuation parameters

in % / pp	Necessary change
Discount rate	+ 0,15 pp
Growth factor	- 0.3 pp
EBIT[1]	- 3.0 %

1 Change applies to the detailed planning for the first 10 years and the going concern value.

Additions of internally developed software in the reporting period mainly relate to the migration of a new terminal management system.

The obligations arising from open orders for capital expenditure on intangible assets are reported under Note 46.

23. Property, plant and equipment

Development of property, plant and equipment

in € thousand	Land and buildings	Technical equipment and machinery	Other plant, operating and office equipment	Payments on account and plants under construction	Total
Carrying amount as of 1 January 2020	**961,299**	**298,698**	**308,879**	**108,381**	**1,677,257**
Acquisition or production cost					
1 January 2020	1,416,547	899,413	664,962	108,381	3,089,303
Additions	13,780	35,173	65,013	53,660	167,626
Disposals	- 2,340	- 10,293	- 24,202	- 112	- 36,947
Reclassifications	16,058	43,767	23,160	- 82,983	2
Changes in scope of consolidation/consolidation method					0
Effects of changes in exchange rates	- 11,563	- 6,048	- 1,871	- 4,104	- 23,586
31 December 2020	**1,432,482**	**962,012**	**727,061**	**74,842**	**3,196,398**
Accumulated depreciation, amortisation and impairment					
1 January 2020	455,248	600,715	356,083	0	1,412,046
Additions	62,080	41,306	42,667		146,053
Disposals	- 1,942	- 10,006	- 20,295		- 32,243
Reclassifications					0
Changes to scope of consolidation/consolidation method					0
Effects of changes in exchange rates	- 2,572	- 3,611	- 911		- 7,094
31 December 2020	**512,814**	**628,404**	**377,544**	**0**	**1,518,763**
Carrying amount as of 31 December 2020	**919,668**	**333,607**	**349,517**	**74,842**	**1,677,635**
Carrying amount as of 1 January 2021	**919,668**	**333,607**	**349,517**	**74,842**	**1,677,635**
Acquisition or production cost					
1 January 2021	1,432,482	962,012	727,061	74,842	3,196,397
Additions	37,694	36,555	60,578	57,694	192,521
Disposals	- 1,923	- 22,796	- 20,686	- 247	- 45,652
Reclassifications	9,168	48,444	25,981	- 83,562	31
Changes in scope of consolidation/consolidation method	33,773	6,652	2,818	43,243	86,486
Effects of changes in exchange rates	4,312	2,968	1,253	1,542	10,075
31 December 2021	**1,515,505**	**1,033,835**	**797,005**	**93,512**	**3,439,857**
Accumulated depreciation, amortisation and impairment					
1 January 2021	512,814	628,404	377,544	0	1,518,762
Additions	64,744	49,322	45,415		159,481
Disposals	- 1,808	- 21,141	- 19,794		- 42,743
Reclassifications					0
Changes to scope of consolidation/consolidation method					0
Effects of changes in exchange rates	923	1,455	932		3,310
31 December 2021	**576,673**	**658,040**	**404,097**	**0**	**1,638,810**
Carrying amount as of 31 December 2021	**938,832**	**375,795**	**392,908**	**93,512**	**1,801,047**

See Note 45 for further details regarding the existing restrictions in connection with leases.

Additions in the reporting period primarily comprise capital expenditure for the procurement of handling equipment and the expansion of warehouse capacities at the Hamburg container terminals, as well as the capital expenditure of the METRANS Group for the acquisition of locomotives and wagons and the development of existing and new hinterland terminals.

Disposals in the reporting period mainly relate to the sale/scrapping of handling equipment.

The changes to the group of consolidated companies relate to the addition of the subsidiaries HHLA PLT Italy S.r.l., Trieste, Italy and iSAM AG, Mülheim an der Ruhr, including its three subsidiaries, which have been added to HHLA's group of consolidated companies, see Note 3.

The effects of changes in exchange rates mainly include the exchange rate changes of the Ukrainian currency.

No write-downs were made on property, plant and equipment in the year under review (previous year: € 423 thousand).

Buildings, surfacing and movable non-current assets with a carrying amount of € 76,561 thousand (previous year: € 4,755 thousand) have been pledged as collateral for loans granted to Group companies. The year-on-year change is due to the addition of companies consolidated for the first time.

The obligations arising from open orders for capital expenditure on property, plant and equipment are reported under Note 46.

Development of rights of use included in property, plant and equipment

in € thousand	Land and buildings	Technical equipment and machinery	Other plant, operating and office equipment	Total
Carrying amount as of 1 January 2020	**610,620**	**15,614**	**75,494**	**701,729**
Acquisition or production cost				
1 January 2020	658,617	19,609	102,262	780,488
Additions	912	642	6,188	7,742
Disposals	- 151	- 5	- 8,925	- 9,081
Reclassifications		- 628		- 628
Changes in scope of consolidation/consolidation method				0
Effects of changes in exchange rates	- 4,052	- 54	- 292	- 4,398
31 December 2020	**655,326**	**19,564**	**99,233**	**774,123**
Accumulated depreciation, amortisation and impairment				
1 January 2020	47,997	3,995	26,768	78,760
Additions	31,271	2,011	15,757	49,039
Disposals	- 15		- 5,154	- 5,169
Reclassifications		- 101		- 101
Changes to scope of consolidation/consolidation method				0
Effects of changes in exchange rates	- 268	- 12	- 86	- 366
31 December 2020	**78,985**	**5,893**	**37,285**	**122,163**
Carrying amount as of 31 December 2020	**576,341**	**13,671**	**61,948**	**651,960**
Carrying amount as of 1 January 2021	**576,341**	**13,671**	**61,948**	**651,960**
Acquisition or production cost				
1 January 2021	655,326	19,564	99,233	774,123
Additions	35,513	2,629	5,259	43,401
Disposals	- 49		- 4,974	- 5,023
Reclassifications		268		268
Changes in scope of consolidation/consolidation method	30,268		271	30,539
Effects of changes in exchange rates	1,399	29	674	2,102
31 December 2021	**722,457**	**22,490**	**100,463**	**845,411**
Accumulated depreciation, amortisation and impairment				
1 January 2021	78,985	5,893	37,285	122,163
Additions	32,724	2,299	15,012	50,035
Disposals			- 4,502	- 4,502
Reclassifications		- 61		- 61
Changes to scope of consolidation/consolidation method				0
Effects of changes in exchange rates	116	18	584	718
31 December 2021	**111,825**	**8,149**	**48,379**	**168,353**
Carrying amount as of 31 December 2021	**610,632**	**14,341**	**52,084**	**677,058**

24. Investment property

Development of investment property

in € thousand	Investment property	Payments on account and plants under construction	Total
Carrying amount as of 1 January 2020	**174,749**	**10,400**	**185,149**
Acquisition or production cost			
1 January 2020	343,573	10,400	353,973
Additions	308	20,532	20,840
Disposals		- 302	- 302
Reclassifications	365	- 365	0
31 December 2020	**344,246**	**30,265**	**374,511**
Accumulated depreciation, amortisation and impairment			
1 January 2020	168,824	0	168,824
Additions	8,549		8,549
Disposals			0
Reclassifications			0
31 December 2020	**177,373**	**0**	**177,373**
Carrying amount as of 31 December 2020	**166,873**	**30,265**	**197,138**
Carrying amount as of 1 January 2021	**166,873**	**30,265**	**197,138**
Acquisition or production cost			
1 January 2021	344,246	30,265	374,511
Additions	2,567	20,253	22,820
Disposals	- 1,172		- 1,172
Reclassifications	10,776	- 10,776	0
31 December 2021	**356,417**	**39,742**	**396,159**
Accumulated depreciation, amortisation and impairment			
1 January 2021	177,373	0	177,373
Additions	7,371		7,371
Disposals	- 1,172		- 1,172
Reclassifications			0
31 December 2021	**183,572**	**0**	**183,572**
Carrying amount as of 31 December 2021	**172,845**	**39,742**	**212,587**

Investment property mainly relates to warehouses converted to office space and other commercial real estate in Hamburg's Speicherstadt historical warehouse district, as well as logistics warehouses and surfaced areas.

The additions in the reporting period relate mainly to conversion costs in connection with changes of use.

Rental income from investment property at the end of the financial year was € 52,425 thousand (previous year: € 51,847 thousand). The direct operating expenses for investment property, which are fully attributable to rental income, amounted to € 15,077 thousand in the reporting year (previous year: € 17,988 thousand).

Fair value is calculated and measured annually by HHLA's Real Estate segment. The associated inputs are classified as level 3 in the fair value hierarchy, see Note 7.

Fair value reconciliation

in € thousand	2021	2020
As of 1 January	604,489	625,006
Change in fair value (not realised)	- 16,451	- 20,517
As of 31 December	**588,038**	**604,489**

The valuation method used to measure the fair value of investment property as well as the key unobservable input factors applied

Valuation method	Key unobservable input factors	Relationship between key unobservable input factors and measurement at fair value The estimated fair value would increase (fall) if
Fair values are measured by applying the discounted cash flow method (DCF method) to the forecast net cash flows from managing the properties. This method is based on detailed forecasts of ten years or up to the end of the useful lives of properties with a remaining useful life of less than ten years. The cash flows are discounted using standard market interest rates. Property-specific fair value is determined on the basis of property-specific measurement criteria.	Contractually agreed rental income	the contractually agreed rental income was higher (lower)
	Expected rent increases	the expected rent increases were higher (lower)
	Vacancy periods	the vacancy periods were shorter (longer)
	Level of occupancy	the level of occupancy was higher (lower)
	Rent-free periods	the rent-free periods were shorter (longer)
	Possible termination of the tenancy agreement	tenancy agreements were not terminated (were terminated)
	Re-leasing	the property was re-leased sooner (later)
	Operating, management and maintenance costs	operating, management and maintenance costs were lower (higher)
	Rent for the land	the rent was lower (higher)
	Discount rate (4.21 to 7.34 % p.a.)	the risk-adjusted discount rate was lower (higher)

Regarding existing restrictions on the disposal and use of buildings in connection with the renting of the associated properties from the Free and Hanseatic City of Hamburg, see the explanatory remarks on leases in Note 45.

25. Associates accounted for using the equity method

Associates accounted for using the equity method

in € thousand	31.12.2021	31.12.2020
Interests in joint ventures	12,442	13,230
Interests in associates companies	4,470	4,188
	16,912	**17,418**

Interests in joint ventures comprise Hansaport Hafenbetriebsgesellschaft mit beschränkter Haftung, HHLA Frucht- und Kühl-Zentrum GmbH, Ulrich Stein Gesellschaft mit beschränkter Haftung, ARS-UNIKAI GmbH, Kombi-Transeuropa Terminal Hamburg GmbH, HVCC Hamburg Vessel Coordination Center GmbH, Spherie UG (haftungsbeschränkt), Third Element Aviation GmbH and Hyperport Cargo Solutions GmbH i. G.

Interests in associated companies include the shares in CuxPort GmbH and the shares in DHU Gesellschaft Datenverarbeitung Hamburger Umschlagsbetriebe mbH.

The year-on-year decrease in interests reported is largely due to the write-downs on interests in a joint venture recorded in financial income. The earnings of the various companies accounted for using the equity method less dividends received were also recorded in financial income and had the opposite effect, see Note 16.

For more information, please refer to Note 3.

26. Non-current financial assets

Non-current financial assets

in € thousand	31.12.2021	31.12.2020
Securities	3,466	5,779
Shares in affiliated companies	135	54
Other equity investments	655	98
Other non-current financial assets	11,428	10,496
	15,684	**16,427**

In the reporting year – as in the previous year – the securities relating to insolvency insurance for phased early retirement entitlements were netted out against the corresponding phased early retirement obligations because they fulfil the conditions for plan assets as per IAS 19 (revised 2011). The securities portfolios recognised as plan assets in the financial year amounted to € 2,499 thousand (previous year: € 143 thousand), see Note 37. Before offsetting, this results in securities portfolios of € 5,965 thousand (previous year: € 5,922 thousand).

The shares in affiliated companies include shares in companies which are of minor importance for giving a true and fair view of the Group’s results of operations, net assets and financial position and are therefore not consolidated.

Other long-term equity investments include shares in companies which are included in the Consolidated Financial Statements neither as an affiliate nor using the equity method due to their minor importance. Such shareholdings are usually up to 50 %. The year-on-year change is due to transactions associated with first-time consolidations in the reporting year.

Other non-current financial assets primarily include receivables from a graduated rent totalling € 4,163 thousand (previous year: € 3,687 thousand), as well as receivables from relief funds totalling € 2,614 thousand (previous year: € 2,614 thousand).

27. Inventories

Inventories

in € thousand	31.12.2021	31.12.2020
Raw materials, consumables and supplies	24,185	22,257
Work in progress	7,978	2,323
Finished products and merchandise	1,388	974
	33,551	**25,554**

Impairment losses on inventories recognised as an expense amount to € 1,091 thousand (previous year: € 1,616 thousand). This expense is reported under cost of materials, see Note 12.

28. Trade receivables

Trade receivables

in € thousand	31.12.2021	31.12.2020
	188,271	**166,913**

Trade receivables are receivables from customers that are fulfilled in connection with normal business operations. In respect of the overwhelming majority of customers, they are usually due within 30 days and are therefore classed as current.

No trade receivables were assigned as collateral for financial liabilities, either in the year under review or in the previous year. Collateral for trade receivables is only held to a minor extent (e.g. rental guarantees).

Details of the structure and valuation allowances for trade receivables can be found in Note 47.

29. Receivables from related parties

Receivables from related parties

in € thousand	31.12.2021	31.12.2020
Receivables from HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH (HGV)	82,500	82,000
Receivables from Kombi-Transeuropa Terminal Hamburg GmbH	1,384	1,022
Receivables from HHLA Frucht- und Kühl-Zentrum GmbH	597	1,099
Receivables from Free and Hanseatic City of Hamburg (FHH)	412	262
Receivables from other related parties	1,247	900
	86,140	**85,283**

Receivables from HGV include € 82,500 thousand from existing cash clearing (previous year: € 82,000 thousand).

30. Current financial assets

Current financial assets

in € thousand	31.12.2021	31.12.2020
Current receivables from employees	1,438	1,405
Current reimbursement claims against insurers	419	104
Other current financial assets	2,243	1,625
	4,100	**3,134**

31. Other non-financial assets

Other non-financial assets

in € thousand	**31.12.2021**	31.12.2020
Current tax credit	23,617	14,451
Payments on account	3,750	2,729
Credits issued due to contractual arrangements	2,789	4,050
Other	9,643	9,903
	39,799	**31,133**

Current tax credits rose year-on-year, mainly due to higher value added tax receivables.

32. Income tax receivables

Income tax receivables

in € thousand	**31.12.2021**	31.12.2020
	490	**1,369**

Income tax receivables consist of tax receivables resulting from tax assessments and advance tax payments.

33. Cash, cash equivalents and short-term deposits

Cash, cash equivalents and short-term deposits

in € thousand	**31.12.2021**	31.12.2020
Short-term deposits with a maturity up to 3 months	2,017	1,440
Short-term deposits with a maturity of 4–12 months	65,000	40,000
Bank balances and cash in hand	88,516	85,418
	155,533	**126,858**

Cash, cash equivalents and short-term deposits are made up of cash in hand and various bank balances in different currencies.

Cash and short-term deposits of € 4,425 thousand (previous year: € 3,679 thousand) are subject to foreign exchange outflow restrictions.

As of the balance sheet date, the Group had unused lines of credit amounting to € 9,797 thousand (previous year: € 54,309 thousand) and had met all the conditions for their use. The decrease resulted from the termination of a € 50,000 thousand credit line taken out as a precaution in the 2020 financial year.

34. Non-current assets held for sale

There were no non-current assets held for sale either in the reporting period or in the previous year.

35. Equity

Changes in the individual components of equity for the reporting period and the previous year are shown in the statements of changes in equity.

Subscribed capital

As of the balance sheet date, HHLA AG's share capital consists of two different share classes: Class A shares and Class S shares. Subscribed capital totals € 75,220 thousand (31 December 2020: € 74,405 thousand), divided into 72,514,938 Class A shares (31 December 2020: 71,700,215 Class A shares) and 2,704,500 Class S shares; each no-par-value share represents € 1.00 of share capital on paper. The share capital has been fully paid in.

In the course of the stock flotation on 2 November 2007, 22,000,000 Class A shares were placed on the market. This corresponds to a free float of approx. 30 % of the company's share capital. As of the balance sheet date, the Free and Hanseatic City of Hamburg holds 70.35 % of the voting rights through the company HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg (31 December 2020: 70.11 %).

In the financial year, a capital increase was carried out in connection with the dividend distribution to holders of Class A shares. For further information, please refer to Note 21. The remaining undistributed profit was carried forward to new account.

In July 2021, shareholder dividend entitlements in the amount of € 17,103 thousand were thus asserted from Authorised Capital I.

Authorised capital

As of the balance sheet date, the company has Authorised Capital I for the issue of Class A shares and Authorised Capital II for the issue of Class S shares.

Authorised Capital I

Using Authorised Capital I (cf. Article 3 [4] of the articles of association) and subject to the approval of the Supervisory Board, the Executive Board is still authorised – following the partial utilisation of Authorised Capital I in connection with the scrip dividend – to increase the company's share capital until 20 June 2022 by up to € 32,558,313.00 by issuing up to 32,558,313 new registered Class A shares for subscription in cash and/or in kind in one or more stages. The statutory subscription rights of holders of Class S shares shall be excluded. The Executive Board is additionally authorised, subject to the approval of the Supervisory Board, to exclude the statutory subscription rights of holders of Class A shares in those cases covered in more detail in the resolution, such as issue for contributions in kind. Furthermore, the issue of new Class A shares while excluding the subscription rights of Class A shareholders is limited to a total of 20 % of the share capital attributable to Class A shares. All Class A shares issued or that could be issued under other authorisations with the exclusion of subscription rights count towards this 20 % limit.

Authorised Capital II

Using Authorised Capital II (cf. Article 3 [5] of the articles of association), the Executive Board is authorised, subject to the approval of the Supervisory Board, to increase the company's share capital until 20 June 2022 by up to € 1,352,250.00 by issuing up to 1,352,250 new registered Class S shares for subscription in cash and/or in kind in one or more stages. The statutory subscription rights of holders of Class A shares shall be excluded. The Executive Board is authorised, with the approval of the Supervisory Board, to exclude the statutory subscription rights of holders of Class S shares as is necessary to equalise fractional amounts.

Other authorisations

The Annual General Meeting of HHLA AG held on 18 June 2019 authorised the Executive Board, subject to the approval of the Supervisory Board, to issue on one or more occasions up to 17 June 2024 bearer or registered bonds with warrants and/or convertible bonds or combinations of these instruments (hereinafter known collectively as "debenture bonds") with a total nominal value of up to € 300,000,000.00 and to grant the bearers or creditors of the debenture bonds warrants or conversion rights for up to 10,000,000 new registered Class A shares in the company, each representing € 1.00 of the share capital, subject to the detailed terms of the bonds with warrants and/or convertible bonds. The respective terms may also provide for a warrant or conversion obligation as well as an issuer put option to provide Class A shares in the company as of the end of the term or at an earlier date. The detailed terms of the resolution state that shareholders' subscription rights may also be excluded when the debenture bonds are issued. As per Article 3 (6) of the articles of association, conditional capital of € 10,000,000.00 is available to service warrants and conversion rights and obligations as well as any tender rights. This is made up of 10,000,000 new registered Class A shares.

The Annual General Meeting held on 10 June 2021 additionally authorised the company's Executive Board to purchase Class A treasury shares up to a maximum of 10 % of the portion of the company's share capital accounted for by Class A shares at the time of the resolution or, if lower, at the time the authorisation is exercised. In addition to being sold on the stock exchange or offered to all shareholders in line with their shareholdings, the Class A treasury shares acquired under this authorisation or previous authorisations may – subject to the approval of the Supervisory Board – be used in the cases stipulated by the resolution excluding other shareholders' subscription rights and/or be redeemed either in whole or in part without the need for an additional resolution by the Annual General Meeting. This authorisation expires on 09 June 2026. The authorisation may be used for any legally permissible purpose, except for trading in treasury shares.

HHLA AG does not currently hold any treasury shares. There are no plans to buy back shares.

Capital reserve

The Group's capital reserve includes premiums from share issues, from capital increases at non-controlling subsidiaries, from a reserve increase through an employee participation programme and from capital increases in the context of dividend distributions with the option to reinvest them as a contribution in kind of Class A shares. The associated issue costs were deducted from the capital reserve.

The capital reserve increased to € 179,718 thousand as a result of a capital increase in connection with the dividend distribution to the Class A shareholders (previous year: € 164,599 thousand). Further information can be found in the paragraph on subscribed capital as well as under Note 21.

Retained earnings

Retained earnings include net profits from prior years for companies included in the Consolidated Financial Statements, insofar as these were not distributed as dividends. This item also encompasses differences between HGB and IFRS as of 1 January 2006 (the transitional date).

Other comprehensive income

In accordance with the currently applicable version of IAS 19 (revised 2011), the HHLA Group's other comprehensive income includes all actuarial gains and losses from defined benefit pension plans. This item additionally comprises changes in the fair value of hedging instruments (cash flow hedges) and the corresponding tax effects.

The reserve for translation differences enables the recognition of differences arising on the translation of financial statements for foreign subsidiaries.

Non-controlling interests

Non-controlling interests comprise outside interests in the Group companies' consolidated equity.

Non-controlling interests increased in the reporting year primarily due to the allocation of the current total comprehensive income as well as due to the first-time consolidation and the capital increase of shares in affiliated companies.

Notes on capital management

Capital management at the HHLA Group aims to ensure the Group's long-term financial stability and flexibility in order to financially safeguard the Group's growth and enable its shareholders to reasonably participate in its success. Balance sheet equity is the primary benchmark in this regard. The key value-oriented performance indicator at the HHLA Group is the return on capital employed (ROCE). The equity ratio is also monitored in order to maintain a stable capital structure.

Equity ratio

in %	**31.12.2021**	31.12.2020
Equity in € thousand	705,227	567,003
Total assets in € thousand	2,801,895	2,591,123
	25.2 %	**21.9 %**

The increase in equity is primarily attributable to the higher annual earnings of € 132,897 thousand compared with the previous year, the capital increase of € 16,862 thousand from the dividend distribution in return for contributions in kind and the interest rate-related change of € 32,337 thousand in actuarial losses including tax effects not recognised in profit or loss. The distribution of dividends in the amount of € 38,816 thousand and the put option granted to non-controlling interests in the amount of € 20,870 thousand had the opposite effect.

External minimum capital requirements were fulfilled at all agreed audit points throughout the reporting year. See Note 38 for more information.

36. Pension provisions

Pension provisions

Provisions for pensions and similar obligations are formed for commitments arising from both vested rights to future pension payments and current payments to active and former members of HHLA Group companies in Germany and any surviving dependants who are entitled to receive such benefits. A distinction is made between defined benefit and defined contribution company pension plans.

Defined benefit pension plans

In the case of defined benefit plans, the Group is obliged to make the agreed payments to current and former employees. HHLA's pension scheme is financed by both provisions and funds.

Company retirement benefits are paid on the basis of various entitlements. As well as individual agreements, this is primarily the collective company pension agreement (BRTV). As part of the harmonisation of existing pension schemes, the "HHLA capital plan" labour agreement has also been introduced with effect from 1 January 2018.

The BRTV is a total benefit plan. HHLA guarantees the participating employees a certain amount of benefits, which are made up of the statutory pension and the company pension. The amount of total benefits is determined by a variable percentage (according to years of service) of a fictitious net payment in the final wage or salary band based on the applicable social security data contribution levels for the year 1999. The current contribution assessment ceiling is always taken into account.

The HHLA capital plan provides employees with a uniform and transparent pension scheme that offers a high degree of flexibility, both in terms of paying in and in the payout/benefit phase. Payments made into the HHLA capital plan are funded from gross income (deferred compensation). As such, the employees forgo a part of their untaxed income at the time they pay into the scheme in favour of future retirement savings. 27.50 % is added to the contributions paid in as part of the deferred compensation scheme. Furthermore, an annual interest rate of 3.00 % is guaranteed in respect of the contributions.

Based on these pension plans, the Group forms provisions for pensions and similar obligations for the amount of expected future retirement and surviving dependants' pensions and/or savings for future retirement and surviving dependants. External actuaries calculate the amount of the obligation using the projected unit credit method.

Amounts recognised for pension commitments

in € thousand	**31.12.2021**	31.12.2020
Present value of pension obligations	488,966	530,771
Obligations from working lifetime accounts	334	373
	489,300	**531,144**

Pension obligations

The balance sheet shows the full present value of pension obligations including actuarial gains and losses. The reported pension obligation relates to an unfinanced plan.

Development of the present value of pension obligations

in € thousand	2021	2020
Present value of pension obligations as of 1 January	**530,771**	**502,874**
Contributions of HHLA capital plan participants	9,195	7,899
Current service expense	15,584	13,891
Past service expense	0	168
Interest expense	1,169	3,537
Pension payments	- 20,123	- 20,053
Actuarial gains (-), losses (+) due to amendments in experience-based assumptions	- 4,629	- 8,407
Actuarial gains (-), losses (+) due to amendments in financial assumptions	- 43,001	30,862
Present value of pension obligations as of 31 December	**488,966**	**530,771**

Present value of the defined benefit pension obligations split by various groups of beneficiaries

in %	2021	2020
Current employees	39.8	39.9
Former employees	1.5	1.4
Pensioners	58.7	58.7
	100.0	**100.0**

As of 31 December 2021, the weighted average term of the defined benefit obligation was 13.1 and 16.9 years, respectively (previous year: 13.4 and 17.4 years, respectively).

In addition, reimbursement rights of € 2,426 thousand (previous year: € 2,672 thousand) were concluded to cover the corresponding pension obligations. The expected income from these reimbursement rights amounts to € 5 thousand in the year under review, whereas the actual income amounts to € - 115 thousand. In the 2021 financial year, € 131 thousand was paid out in reimbursement rights.

Pension obligations recognised in the income statement

in € thousand	2021	2020
Current service expense	15,584	13,891
Past service expense	0	168
Interest expenses	1,169	3,537
	16,753	**17,596**

Development of actuarial gains / losses from pensions obligations

in € thousand	2021	2020
Actuarial gains (+), losses (-) as of 1 January	**- 137,112**	**- 114,657**
Changes in the financial year due to amendments in experience-based assumptions	4,629	8,407
Changes in the financial year due to amendments in financial assumptions	43,001	- 30,862
Actuarial gains (+), losses (-) as of 31 December	**- 89,482**	**- 137,112**

Key actuarial assumptions to determine the present value of the pension obligations

in %	31.12.2021	31.12.2020
Discount rate (HHLA capital plan)	1.00	0.30
Discount rate (others)	0.80	0.20
Projected salary increase	2.00	2.00
Adjustment of current pensions (excluding BRTV)	2.00	2.00
Adjustment of social security pension according to pension insurance report of the year	2021	2020

The biometric data is drawn from the 2018 G mortality tables by Professor Klaus Heubeck.

For shorter maturities, HHLA derives the interest rates used for discounting from high-quality corporate bonds. For longer maturities, the forward projection of the interest rate curve reflects the Deutsche Bundesbank's curve for German government bonds. In the past, the forward projection was constant from the ninth year onwards. The maturities for high-value government bonds increased on average, resulting in a modification of the forward projection procedure. Due to this change, the discount rate (HHLA capital plan) increased by 20 base points and the discount rate (miscellaneous) by 10 base points. This caused pension obligations to fall by around € 8.4 million.

Sensitivity analysis: pension obligations

	Change in parameter			Effect on present value		
		31.12.2021	31.12.2020	in € thousand	31.12.2021	31.12.2020
Discount rate	Increase of	0.5 %	0.5 %	Decrease of	30,398	35,183
	Decrease of	0.5 %	0.5 %	Increase of	33,757	39,268
Payment trend	Increase of	0.5 %	0.5 %	Increase of	1,382	2,078
	Decrease of	0.5 %	0.5 %	Decrease of	1,363	2,050
Adjustment to social security	Decrease of	20.0 %	20.0 %	Increase of	507	829
Expected mortality	Decrease of	10.0 %	10.0 %	Increase of	11,352	13,629
Contributions of HHLA capital plan participants	Increase of	50.0 %	50.0 %	Increase of	9,414	9,746
	Decrease of	50.0 %	50.0 %	Decrease of	9,174	9,380
Adjustment of current pensions (excluding BRTV)	Increase of	0.5 %	0.5 %	Increase of	650	776
	Decrease of	0.5 %	0.5 %	Decrease of	599	713

Actuarial calculations for the valuation parameters classed as material are performed in isolation, i.e. if several parameters change simultaneously, the individual effects are not cumulative due to correlation. In the case of a change to the parameters, a linear trend for the defined benefit obligation cannot be drawn from the sensitivities stated.

Payments for pension obligations

In the 2021 financial year, HHLA made pension payments for plans totalling € 20,123 thousand (previous year: € 20,053 thousand). HHLA anticipates the following payments for pension plans over the next five years.

Expected pension payments

in years in € thousand	
2022	20,843
2023	21,675
2024	21,641
2025	22,203
2026	22,310
	108,672

Obligations from working lifetime accounts

In the 2006 financial year, the affiliated companies in Germany undertook to set up working lifetime accounts due to collective labour agreements. Staff could elect to have time and remuneration components deposited in money market or investment funds by the Group until 31 December 2013. Capital has been invested within the company since 1 January 2014. The funds saved in the employee's account are used to give them paid leave before they enter retirement. The amount of pay to which employees are entitled during their early retirement depends on the amount of funds saved, which in turn depends on the performance of the fund assets – based on the model for contributions up to 31 December 2013 and taking the 3.00 % return guaranteed in the collective labour agreement into account for contributions as of 1 January 2014 – plus other contractually agreed social benefits during the early retirement phase.

The portion of the obligation covered by the funds saved is reported at the funds' fair value. The additional benefits arising from collective labour agreements which are not covered by the funds saved are reported at the full present value of the obligation including actuarial gains and losses.

As part of the harmonisation of existing pension schemes, which was completed in 2018, the existing funds from working lifetime accounts were largely transferred to the HHLA capital plan. The obligations arising from the remaining existing funds will fall steadily over time, with the result that relevant disclosures will follow due to reasons of materiality.

Allocation of benefit commitments from working lifetime accounts

in € thousand	**31.12.2021**	30.12.2020
Present value of obligations from working lifetime accounts	513	607
Present value of plan assets from working lifetime accounts (fund shares)	- 179	- 234
Uncovered allocations	**334**	**373**

As of 31 December 2021, the weighted average term of the defined benefit obligation was 4.0 years (previous year: 5.9 years). The plan assets consist solely of shares in money market and investment funds.

Defined contribution pension plans

In the case of defined contribution plans, the relevant companies merely make payments to dedicated funds. There are no further obligations. HHLA does not incur any financial or actuarial risks arising from these commitments.

The costs incurred in connection with pension funds which are to be regarded as defined contribution pension plans amounted to € 2,885 thousand in the reporting year (previous year: € 3,196 thousand).

HHLA paid € 32,446 thousand into the state pension system as its employer's contribution (previous year: € 30,509 thousand).

37. Other non-current and current provisions

Other non-current and current provisions

	Non-current provisions		Current provisions		Total	
in € thousand	**31.12.2021**	31.12.2020	**31.12.2021**	31.12.2020	**31.12.2021**	31.12.2020
Demolition obligations	82,724	86,490	0	0	82,724	86,490
Restructuring reserve	55,287	52,883	9,873	8,551	65,160	61,434
Bonuses and single payments	3,073	0	9,768	9,220	12,841	9,220
Insurance excesses	0	0	4,906	4,073	4,906	4,073
Anniversaries	3,321	3,496	221	241	3,542	3,737
Legal fees and litigation expenses	0	0	620	1,110	620	1,110
Phased early retirement	167	98	71	90	238	188
Other	15,077	12,691	2,611	2,296	17,688	14,987
	159,649	**155,658**	**28,070**	**25,581**	**187,719**	**181,239**

Demolition obligations

The demolition obligations relate to HHLA's Container, Logistics and Real Estate segments and are discounted at a rate of 2.0 % p.a. (previous year: 1.5 % p.a.). The effect of the discount rate change is represented under additions. In the reporting year, an anticipated price increase of 2.0 % was used to calculate the provisions shown. This rate is derived from the German construction cost index (previous year: 2.0 %). The outflow of these resources is expected in the period 2025–2045.

Restructuring provisions

The restructuring provisions relate to reorganising the Logistics segment and organisational restructuring in the Container segment. Based on the current degree of implementation, HHLA conducted a new assessment of the restructuring provision as of 31 December 2021 for the organisational restructuring in the Container segment. As a result of this new assessment, the provision decreased by around € 1 million compared with the original assumptions regarding implementation. The securities holdings acquired in connection with the restructuring provision are classified as plan assets under IAS 19 (revised 2011). They were thus netted out against the obligations contained in the provisions. The corresponding figure of € 1,721 thousand (previous year: € 0 thousand) therefore reduces the provisions reported, see Note 26. A discount rate of 0.1 % to - 0.1 % p.a. (previous year: - 0.1 % to - 0.2 % p.a.) was used for the calculation. The outflow of funds will take place between 2022 and 2031.

Bonuses and single payments

Provisions for bonuses and one-off payments largely consist of provisions for Executive Board members and other senior staff. The outflow of funds for the current part will become payable in the 2022 financial year. At one subsidiary, the management is granted stock appreciation rights. The management participates in the long-term development of the company on a percentage basis within a range of 0.5 % to 1.0 % if a certain threshold value is exceeded. The threshold value is the enterprise value at the time of the commitment. The stock appreciation rights are granted by means of cash settlement. HHLA assumes a term until 2030. The payment is non-forfeitable insofar as the contractual provisions are complied with. An option pricing model (binomial model) is used to value the stock appreciation rights. To determine the fair value of these stock appreciation rights, the company's performance and the threshold value are used, taking into account an expected volatility and a risk-free interest rate corresponding to the remaining term of the stock appreciation rights. Expected dividends were not taken into account when determining the fair value. The provision to be recognised on the basis of the currency of the stock appreciation rights was determined on the basis of the proportionate service rendered. The amount is included in the long-term provisions for bonuses and single payments.

Insurance excesses

This obligation relates to provisions largely created by the Group's parent company to allow for potential cases of damage or loss which go beyond the existing insurance cover. The funds will become payable in the 2022 financial year.

Anniversaries

The provisions for anniversaries relate to Group employees' contractual entitlement to anniversary gratuities. The amount recognised is determined by an actuarial opinion. A discount rate of 0.80 % p.a. (previous year: 0.20 % p.a.) was used for the calculation. The outflow of these resources is expected to take place in the period 2022–2061.

Legal fees and litigation expenses

As of the balance sheet date and as in the previous year, the obligations reported consisted mainly of provisions for legal risks associated with pending proceedings. The outflow of these resources is expected in the 2022 financial year.

Phased early retirement

Provisions for phased early retirement consist of HHLA's obligations from the entitlements accrued during the beneficiaries' working period, plus a supplementary amount added pro rata temporis.

The securities holdings acquired in connection with phased early retirement contracts are classified as plan assets under IAS 19 (revised 2011). They were therefore offset against the phased early retirement obligations included in the provisions. The corresponding figure of € 116 thousand (previous year: € 143 thousand) therefore reduces the provisions reported, see Note 26. In addition to this, pledged bank balances serve to cover the obligations in existence as of the balance sheet date. The amount of the provision was determined using a discount rate of - 0.1 % p.a. (previous year: - 0.2 % p.a.). The outflow of these resources is expected in the period 2022–2026.

Other

Other provisions relate largely to obligations arising from individual contractual agreements with members of staff. The securities holdings acquired in connection with other provisions are classified as plan assets under IAS 19 (revised 2011). They were thus netted out against the obligations contained in other provisions. The corresponding figure of € 662 thousand (previous year: € 0 thousand) therefore reduces the provisions reported, see Note 26. The main outflow of funds will take place between 2022 and 2028.

Development of other non-current and current provisions

in € thousand	01.01.2021	Additions	Accured interest	Used	Reversed	Currency translation effects	31.12.2021
Demolition obligations	86,490	- 4,004	1,489	151	1,101		82,724
Restructuring reserve	61,434	7,114	- 68	3,076	244		65,160
Bonuses and single payments	9,220	12,840		8,220	999		12,841
Insurance excesses	4,073	2,190		1,324	33		4,906
Anniversaries	3,737	363	7	565			3,542
Legal fees and litigation expenses	1,110			490			620
Phased early retirement	188	300	- 1	249			238
Other	14,987	6,355	- 11	3,524	119		17,688
	181,239	**25,159**	**1,416**	**17,599**	**2,496**	**0**	**187,719**

38. Non-current and current financial liabilities

Non-current and current financial liabilities as of 31 December 2021

in € thousand	Maturity up to 1 year	Maturity 1 to 5 years	Maturity over 5 years	Total
Liabilities from bank loans	41,927	129,555	163,086	334,568
Lease liabilities	16,915	67,731	209,047	293,693
Liabilities arising from settlement obligations	33,434	0	0	33,434
Other loans	0	5,416	14,500	19,916
Liabilities towards employees	10,648	0	0	10,648
Negative fair values of currency and interest rate hedging instruments	0	58	0	58
Other non-current and current financial liabilities	6,471	24,153	141	30,765
	109,395	**226,913**	**386,774**	**723,082**

Non-current and current financial liabilities as of 31 December 2020

in € thousand	Maturity up to 1 year	Maturity 1 to 5 years	Maturity over 5 years	Total
Liabilities from bank loans	22,569	125,497	147,034	295,100
Lease liabilities	22,811	80,416	161,286	264,513
Liabilities arising from settlement obligations	24,584	23,377	0	47,961
Other loans	0	656	15,000	15,656
Liabilities towards employees	10,069	0	0	10,069
Negative fair values of currency and interest rate hedging instruments	0	0	0	0
Other non-current and current financial liabilities	8,042	5,126	301	13,469
	88,075	**235,072**	**323,621**	**646,768**

Amounts due to banks include interest of € 694 thousand accrued up to the balance sheet date (previous year: € 938 thousand).

The liabilities from leases represent the discounted value of future payments for movable non-current assets.

More information on the settlement obligation can be found in Note 6.

Other loans chiefly comprise loans of € 6,831 thousand (previous year: € 5,500 thousand) granted to minority shareholders as well as promissory note loans of € 9,500 thousand (previous year: € 9,500 thousand) issued to other creditors.

Buildings, land, surfacing and movable non-current assets with a carrying amount of € 76,561 thousand (previous year: € 4,755 thousand) have been pledged as collateral for interest-bearing loans. The year-on-year change is due to the addition of companies consolidated for the first time. The collateral agreements provide that the assets are transferred to the banks until the loans and interest have been repaid in full and that they have a right to dispose of the assets if the borrower is in arrears with payments of interest and principal.

The liabilities towards employees consist primarily of wages and salaries.

Other non-current and current financial liabilities include a potential obligation of € 20,870 thousand arising from a put option associated with the first-time consolidation of HHLA PLT Italy S.r.l., Trieste, Italy.

Terms of liabilities from bank loans

Interest condition	Interest rate	Currency	Remaining fixed interest period	Nominal value in TCU[1]	**Carrying amount as of 31.12.2021 in € thousand**
fixed	0.00 – 3.79%	EUR	2026 and later	380,197	211,404
fixed	1.18 – 1.84%	EUR	2025	34,000	34,000
fixed	n/a	EUR	2024	0	0
fixed	1.46 – 2.75%	EUR	2023	16,200	15,810
fixed	1.28 – 4.22%	EUR	2022	42,525	24,660
floating	floating + margin	EUR	2024 and later	67,337	48,000
					333,874

1 TCU = Thousand Currency Units

The floating interest rates are EURIBOR rates with maturities of one to six months.

Financial liabilities for which fair value is not equivalent to the carrying amount

	Carrying amount		**Fair value**	
in € thousand	**31.12.2021**	31.12.2020	**31.12.2021**	31.12.2020
Fixed-interest bearing loans	285,874	**242,449**	285,358	**243,277**

Interest rates of 1.2 to 2.9 % p.a. (previous year: 1.5 to 2.4 % p.a.) were used to measure the fair value of fixed interest-bearing loans. The interest rates are derived from the risk-free rate depending on maturity plus a premium according to the credit rating and maturity. They therefore constitute market rates. The average interest rate for the reported liabilities from bank loans was 1.6 % in the reporting year (previous year: 1.6 %).

As a result of borrowing, certain affiliates have covenants linked to key balance sheet figures and collateral. Violating these covenants would authorise the lender to demand additional collateral, a change to the conditions or the repayment of the loan. In order to prevent such steps, HHLA constantly monitors compliance with the covenants and, where required, implements measures to ensure that all conditions of the loan are met. As of the balance sheet date, the corresponding borrowings totalled € 85,001 thousand (previous year: € 45,601 thousand).

Maturity of bank loans

in € thousand	
Up to 1 year	41,233
1 year to 2 years	31,100
2 years to 3 years	16,684
3 years to 4 years	49,251
4 years to 5 years	32,520
Over 5 years	163,086
	333,874

For more details of the liquidity risk, please refer to Note 47.

39. Trade liabilities

Trade liabilities

in € thousand	**31.12.2021**	31.12.2020
	107,936	**90,913**

Trade liabilities from the financial year are only owed to third parties. As in the previous year, the total amount is due within one year.

40. Non-current and current liabilities to related parties

Non-current and current liabilities to related parties as of 31 December 2021

in € thousand	Maturity up to 1 year	Maturity 1 to 5 years	Maturity over 5 years	**Total**
Liabilities from leases to HPA	37,306	101,244	331,139	469,689
Liabilities from leases to the „Stadt und Hafen“ special fund of the Free and Hanseatic City of Hamburg	208	867	0	1,075
Liabilities from leases to FEG Fischereihafenentwicklungsgesellschaft mbH & Co. KG	874	3,629	1,852	6,355
Liabilities from leases to Landesbetrieb Immobilienmanagement und Grundvermögen	1,106	3,152	903	5,161
Liabilities from leases to related parties	**39,494**	**108,892**	**333,894**	**482,280**
Other liabilities to HHLA Frucht- und Kühl-Zentrum GmbH	6,495	0	0	6,495
Other liabilities to HPA	4,639	0	0	4,639
Other liabilities to Ulrich Stein GmbH	2,716	0	0	2,716
Other liabilities to Kombi-Transeuropa Terminal Hamburg GmbH	1,843	0	0	1,843
Other liabilities to other related parties	3,146	0	0	3,146
Other liabilities to related parties	**18,839**	**0**	**0**	**18,839**
	58,333	**108,892**	**333,894**	**501,119**

Non-current and current liabilities to related parties as of 31 December 2020

in € thousand	Maturity up to 1 year	Maturity 1 to 5 years	Maturity over 5 years	Total
Liabilities from leases to HPA	27,295	94,700	350,932	472,927
Liabilities from leases to FEG Fischereihafenentwicklungsgesellschaft mbH & Co. KG	860	3,576	2,780	7,216
Liabilities from leases to Landesbetrieb Immobilienmanagement und Grundvermögen	1,229	3,563	1,598	6,390
Liabilities from leases to related parties	**29,384**	**101,839**	**355,310**	**486,533**
Other liabilities to HHLA Frucht- und Kühl-Zentrum GmbH	5,000	0	0	5,000
Other liabilities to other related parties	5,168	0	0	5,168
Other liabilities to related parties	**10,168**	**0**	**0**	**10,168**
	39,552	**101,839**	**355,310**	**496,701**

The decline in recognised lease liabilities is primarily due to the planned redemption of lease liabilities and the expiry of lease terms. Liabilities from leases to the special fund “Stadt und Hafen” were recognised as a result of contract transfers in the reporting year from the HPA, whose liabilities decreased accordingly. For more details, see also Note 45 and Note 48.

For more details of the liquidity risk, please refer to Note 47.

41. Other non-financial liabilities

Other non-financial liabilities

in € thousand	**31.12.2021**	31.12.2020
Liabilities to employees	17,720	14,627
Tax liabilities	11,605	9,827
Advance payments received for orders	8,229	2,759
Employers’ liability insurance premiums	5,300	4,540
Social security payables	2,802	2,559
Port workers’ welfare fund (Hafenfonds)	1,277	1,216
Other	2,304	1,984
	49,237	**37,512**

Liabilities to employees include liabilities arising from accrued leave.

All other non-financial liabilities have a remaining term of up to one year.

42. Income tax liabilities

Income tax liabilities

in € thousand	**31.12.2021**	31.12.2020
	13,508	**17,774**

Income tax liabilities result from expected additional payments for corporation tax, solidarity surcharge and trade tax.

When preparing the Annual Financial Statements, provisions are made for the corresponding amounts of corporation tax, solidarity surcharge and trade tax on the basis of the tax and legal situation known at the time of preparation.

Notes to the cash flow statement

43. Notes to the cash flow statement

Free cash flow

The balance of the cash inflow from operating activities and the cash outflow from investing activities makes up the free cash flow. This indicates what cash resources are available for dividend distribution or the redemption of existing loans. The free cash flow fell year-on-year by € 25,408 thousand to € 88,501 thousand. Significant changes resulted from both the cash flow from operating activities and the cash flow from investing activities. The increase in cash flow from operating activities was mainly due to the year-on-year rise in the operating result (EBIT). There was an opposing effect from the year-on-year increase in income tax expenses, a smaller change in provisions and the change in trade receivables and other assets. The cash outflow from investing activities was higher than in the previous year. This increase was mainly the result of payments for (previous year: proceeds from) short-term deposits and a rise in payments for the acquisition of shares in consolidated companies.

Change in liabilities from financing activities

The balance of the proceeds from the issuance of bonds and the taking out of (financial) loans, as well as the balance of payments for the redemption of (financial) loans, produces the change in liabilities from financing activities pursuant to IAS 7. In the reporting year, the Group made payments for the redemption of (financial) loans in the amount of € 24,298 thousand (previous year: € 37,211 thousand). There were € 34,041 thousand (previous year: € 0 thousand) in proceeds from the issuance of bonds and (financial) loans. The first-time consolidation of HHLA PLT Italy S.r.l. and iSAM AG as well as its three subsidiaries in the reporting year led to an increase in liabilities to banks of € 34,225 thousand. This change in the liabilities from financing activities is reflected in the increase in liabilities to banks in the amount of € 39,468 thousand (previous year: decrease of € 36,687 thousand) as well as in the increase in liabilities from other loans in the amount of € 4,260 thousand (previous: decrease of € 126 thousand), see also Note 38. Exchange rate effects and other effects are insignificant.

Financial funds

Financial funds include cash in hand and bank balances with a remaining term of up to three months and receivables and liabilities relating to HGV. Receivables from HGV are overnight deposits available on demand. They are recognised at nominal value.

Financial funds

in € thousand	**31.12.2021**	31.12.2020
Short-term deposits with a maturity up to 3 months	2,017	1,440
Short-term deposits with a maturity of 4–12 months	65,000	40,000
Bank balances and cash in hand	88,516	85,418
Cash, cash equivalents and short-term deposits	**155,533**	**126,858**
Receivables from HGV	82,500	82,000
Overdrafts	- 16	- 11
Short-term deposits with a maturity of 4–12 months	- 65,000	- 40,000
Financial funds at the end of the period	**173,016**	**168,847**

Notes to the segment report

44. Notes to the segment report

The segment report is presented as an annex to the Notes to the Consolidated Financial Statements.

The Group's segment report is prepared in accordance with the provisions of IFRS 8 and requires reporting on the basis of the internal reports to the Executive Board for the purpose of controlling commercial activities. The segment performance indicator used is the internationally customary key figure EBIT (earnings before interest and taxes), which serves to measure the success in each segment and therefore aids internal control.

The accounting and valuation principles applied for internal reporting comply with the principles applied by the Group described in Note 6 "Accounting and valuation principles".

In line with the Group's reporting structure for management purposes and in accordance with the definition in IFRS 8, the following four independently organised and managed segments were identified:

Container

The Container segment pools the Group's container handling operations. The Group's services in this segment consist primarily of handling container ships and transferring containers to other carriers (e.g. rail, truck or feeder ship). HHLA operates three container terminals in Hamburg (Altenwerder, Burchardkai and Tollerort) and further container terminals in Odessa, Ukraine, in Tallinn, Estonia and in Trieste, Italy. The portfolio is rounded off by supplementary container services, such as maintenance and repairs provided by its subsidiary HCCR.

The Container segment mainly generates handling revenue at points in time. It also generates rental income over time. Furthermore, individual HHLA customers have contractual rebate entitlements arising from income generated at points in time.

Intermodal

As a core element of HHLA's business model, which is vertically integrated along the transportation chain, the Intermodal segment provides a comprehensive seaport-hinterland rail and truck network. The rail company METRANS and the trucking firm CTD complete HHLA's range of services in this field.

As transport income, the revenue of this segment is classed as income generated at points in time. There are also rebate obligations in respect of individual customers.

Logistics

The Logistics segment encompasses specialist handling services, digital business activities and consulting. Its service portfolio comprises stand-alone logistics services and entire process chains for the international procurement and distribution of merchandise. The segment also provides consulting and management services for clients in the international port and transport sectors. Business activities for process automation, additive manufacturing and airborne logistics services round off the portfolio.

The revenue generated from special handling services is classed as revenue generated at points in time. This segment also generates income over time, chiefly from consultancy and letting services. Immaterial rebate obligations apply in respect of individual customers.

Real Estate

This segment is equivalent to the Real Estate subgroup. Its business activities encompass services such as the development, letting and management of properties. These include real estate in the Speicherstadt historical warehouse district and on the northern banks of the river Elbe (fish market area). Furthermore, industrial logistics properties and land in and around the Port of Hamburg are managed by the Holding/Other division.

The revenue from this segment is rental income generated over time.

The Holding/Other division used for segment reporting does not represent an independent business segment as defined by IFRS 8. However, it has been allocated to the segments within the Port Logistics subgroup in order to provide a complete and clear picture.

Due to the structure of the Group, it is necessary to issue a large number of invoices for inter-segmental services. These predominantly relate to the use of real estate, IT services, administrative services, workshop services and staff provided by the holding company. As a rule, services are valued at cost price. Transfer prices may not exceed the market price of the service in question. If the company providing the service predominantly sells the relevant service on the market outside the Group, it may charge the market price, even if the cost price is lower.

The details of the reconciliation of the segment variables with the corresponding Group variables are as follows:

Earnings

The reconciliation of the segment variable EBIT to consolidated earnings before taxes (EBT) incorporates transactions between the segments and the subgroups for which consolidation is mandatory, along with the proportion of companies accounted for using the equity method, net interest income and the other financial result.

Reconciliation of the segment EBIT with consolidated earnings before taxes (EBT)

in € thousand	2021	2020
Total segment earnings (EBIT)	**226,190**	**121,991**
Elimination of business relations between segments and subgroups	1,986	1,574
Group earnings (EBIT)	**228,175**	**123,565**
Earnings from associates accounted for using the equity method	4,350	3,601
Net interest	- 40,814	- 28,060
Other financial result	- 95	0
Earnings before tax (EBT)	**191,617**	**99,105**

Segment assets

The reconciliation of segment assets to Group assets incorporates not only items and financial investments for which consolidation is mandatory, but also claims arising from current and deferred income taxes and financial funds which are not to be assigned to segment assets.

Reconciliation of the segment assets with Group assets

in € thousand	2021	2020
Segment assets	**2,628,439**	**2,372,707**
Elimination of business relations between segments and subgroups	- 819,604	- 734,184
Current assets before consolidation	691,453	665,383
Financial assets	17,702	17,570
Deferred tax assets	127,882	141,420
Tax receivables	490	1,369
Cash, cash equivalents and short-term deposits	155,533	126,858
Group assets	**2,801,895**	**2,591,123**

Other segment information

The reconciliation to Group investments totalling € - 162 thousand (previous year: € - 2,126 thousand) eliminates the internal invoices for services to generate intangible assets between segments.

In relation to the reconciliation of depreciation and amortisation amounting to € - 2,110 thousand (previous year: € - 2,160 thousand), the entire amount is attributable to the elimination of inter-company profits between the segments and the subgroups.

The reconciliation of non-cash items amounts to € - 68 thousand (previous year: € 66 thousand).

Information about geographical regions

For information by region, the segment revenue and disclosures on non-current segment assets are broken down in accordance with the affiliates' respective locations.

Information about geographical regions

	Germany		EU		Outside EU		Total		Reconciliation with Group assets		Group	
in € thousand	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
Segment income	916,303	800,118	513,192	462,077	35,927	37,636	1,465,422	1,299,831	0	0	1,465,422	1,299,831
Non-current segment assets	1,269,188	1,243,894	824,899	699,163	54,793	48,832	2,148,880	1,991,889	653,015	599,234	2,801,895	2,591,123
Investments in non-current segment assets	129,829	106,798	98,297	82,371	3,475	7,179	231,601	196,348	0	0	231,601	196,348

The reconciliation of long-term segment assets to Group assets includes, in addition to consolidation items between the segments, in particular current assets, financial assets as well as current and deferred income taxes.

Information about key clients

Revenue of € 249,891 thousand (previous year: € 216,888 thousand) from a single client exceeds 10 % of Group revenue and relates to the Container and Intermodal segments.

Other notes

45. Leases

Leases as a lessee

For further information about leases within the HHLA Group, please see Notes 6, 12, 14, 16, 23, 38 and 40.

Basic recognition of leases

Pursuant to IFRS 16, all leases are to be recognised on the balance sheet. The following significant leases currently exist within the HHLA Group:

The Group has concluded various lease agreements for a number of properties, technical facilities, and operating and office equipment. Among other things, these agreements relate to land, quay walls, lifting and ground-handling vehicles, container wagons and chassis, as well as IT hardware. In some cases, they include renewal and put options. The renewal options are always for the lessee; the put options can be used by the respective lessor to force a sale.

Leases recognised under liabilities to related parties

The Group rents mega-ship berths from the owner of the port areas, the Hamburg Port Authority (HPA), which is a related party, see Note 48. The fixed lease initially runs until 2036, but HHLA anticipates that the lease terms of these assets will extend over 50 years (as in the past). The agreements make provisions for the allocation of liability in the event of nullity and the associated premature termination of the lease as a result of conflict with EU law. The Executive Board of HHLA believes the risk of a conflict with EU law is currently very low. During the reporting year, adjustments were made to lease obligations for mega-ship berths as a result of the contractually agreed change in the refinancing interest rates.

Agreements exist between the Free and Hanseatic City of Hamburg and/or HPA and the HHLA Group for the lease of land and quay walls in the Port of Hamburg and in the Speicherstadt historical warehouse district by companies in the HHLA Group. The main contracts expire between 2025 and 2036. Under the terms of the agreements, the lease payments are generally reviewed every five years on the basis of price developments in relevant competing ports or based on appropriate rental indices. The expected interest rate increases for the past periods and the expected interest rate increases up until 2026 have been taken into consideration accordingly in these Consolidated Financial Statements. Leasing expenses for the space in the Speicherstadt historical warehouse district are partly linked to the development of Group income from subletting these buildings.

Without the prior approval of the lessor, the leased areas may not be relet and the buildings on them belonging to HHLA may not be sold or let. Major changes to the terms of subletting agreements also require the approval of the lessor.

Leases recognised under non-current and current financial liabilities

There are leases relating to real estate and movable property at HHLA PLT Italy S.r.l., Trieste, Italy. On the whole, the rents payable for this are fixed and will only change during the course of the agreement as a result of future inflation, if applicable. The company will not have purchase options at the end of the lease agreements. The respective lease agreements have remaining terms of between 5 and 31 years.

There are also leases relating to real estate and movable property at the container terminal in Odessa, Ukraine. On the whole, the rents payable for this are fixed and will only change during the course of the agreement as a result of future inflation. The company will not have purchase options at the end of the lease agreements. The respective lease agreements have terms of between 1 and 33 years.

There are also significant leases for real estate at the container terminal in Tallinn, Estonia. On the whole, the rents payable for this are fixed and will only change during the course of the agreement as a result of future inflation. The company will not have purchase options at the end of the lease agreements. The respective lease agreements will expire in 2062.

The METRANS Group has concluded lease agreements for various motor vehicles and items of technical equipment. These leases have an average term of three to ten years and some include renewal options. The leases concluded for individual items of real estate have a term of up to 30 years and some of them also include renewal options. The lessee takes on no obligations when signing these leases. The METRANS Group also rents a terminal facility for a period of 30 years as part of a concession agreement.

Short-term lease agreements and leases for low-value assets

The Group rents technical equipment, motor vehicles, IT equipment, office furniture, etc. over terms of between one and three years. These lease agreements are either short term or (and) pertain to items of low value. In such cases, HHLA reports neither the rights of use nor lease liabilities. The following table shows the effects of leases on the income statement and other comprehensive income:

Leases in the income statement

in T€	2021	2020
Cost of materials and other operating expenses		
Expenses from non-current leases	12,119	7,004
Expenses from leases for low-value assets	848	785
Expenses from variable lease payments	422	297
Amortisation and depreciation		
Amortisation and depreciation of rights of use	50,035	49,039
Financial result		
Interest expenses from leasing liabilities	22,397	21,581

Future unrecognised cash outflows

The table below shows the future cash outflows which may be incurred by the lessee and which may not have been recognised when measuring the lease liability:

Future unrecognized cash outflows

in € thousand	31.12.2021	31.12.2020
Future variable lease payments	9,436	10,006
Extension and termination options	761	761
Residual value guarantees	21	19
Leases not yet begun	2,194	119
	12,412	**10,905**

Leases as a lessor

The Group has signed lease agreements for letting its investment properties on a commercial basis, see Note 24. HHLA has categorised these leases as operating leases because virtually none of the risks and potential rewards associated with ownership are transferred to the Group. The investment properties consist of office space, facilities and a commercial property not used by the Group. These leases have remaining uncancellable lease terms of between 1 and 13 years. After the end of the uncancellable lease period, some contracts give tenants the option of extending the lease for a period of between two years and a maximum of three times five years. Some leases contain a clause under which the rent can be increased in line with market conditions.

During the financial year, income of € 61,122 thousand (previous year: € 58,504 thousand) was earned from letting property, plant and equipment and investment property.

The table below is a maturity analysis of the receivables from operating leases and shows the undiscounted lease payments to be received after the end of the reporting period.

Due dates of receivables from operating leases

in € thousand	31.12.2021	31.12.2020
Up to 1 year	42,348	32,412
1 year to 2 years	28,537	27,739
2 years to 3 years	24,524	17,633
3 years to 4 years	21,546	13,666
4 years to 5 years	19,218	11,177
Over 5 years	44,701	43,021
	180,874	**145,648**

From the lessor's perspective, there are no lease agreements categorised as finance leases.

46. Contingent liabilities and other financial obligations

No provisions were formed for the following contingent liabilities because it was deemed highly unlikely that they would be utilised.

Contingent liabilities

in € thousand	31.12.2021	31.12.2020
Guarantees	31,034	34,830
Comfort letters	0	0
	31,034	**34,830**

Within a one-year period from 31 December 2021, HHLA can make use of the existing guarantees up to a maximum amount of € 53,318 thousand.

The following other financial obligations existed on the reporting date:

Other financial obligations

in € thousand	31.12.2021	31.12.2020
Outstanding purchase commitments	128,274	125,009
Other	19,657	53,420
	147,931	**178,429**

Of the obligations from outstanding purchase commitments, € 122,610 thousand (previous year: € 85,030 thousand) is attributable to investments in property, plant and equipment and € 3,074 thousand (previous year: € 3,425 thousand) is attributable to investments in intangible assets.

47. Management of financial risks

To finance its business activities, the Group uses short-, medium- and long-term bank loans, lease and hire-purchase agreements, as well as cash and short-term deposits. The Group has access to various other financial assets and liabilities, such as trade payables and receivables which arise directly from its business.

Interest rate and market price risk

As a result of its financing activities, the Group is exposed to an interest rate risk which principally stems from medium- to long-term borrowing at floating rates of interest.

Managing the Group's interest expenses involves a combination of fixed- and floating-rate debt, depending on the market.

As of the balance sheet date, two fully consolidated companies held interest rate swaps for hedging variable-interest rate loans. Due to the minor scope of these instruments, the risk is deemed insignificant.

As of the balance sheet date, 85.5 % (previous year: 82.4 %) of the Group's borrowing was at fixed interest rates.

The fixed-interest financial instruments are not held at fair value and are therefore not subject to market price risks on the balance sheet.

Market price risks can, however, affect securities and equity investments in particular.

A change in the variable interest rate affects the interest expenses arising from floating-rate loans and the interest income from overnight deposits and time deposit investments.

If the variable interest rate had been 0.5 percentage points higher as of the balance sheet date, interest expenses arising from floating-rate loans would have been € 243 thousand p.a. higher (previous year: € 259 thousand p.a.) and interest income from overnight deposits and time deposit investments would have been up to € 1,195 thousand p.a. higher (previous year: € 1,038 thousand p.a.).

There are no effects on equity.

Exchange rate risk

Due to investments in countries outside the eurozone, changes in exchange rates can affect the balance sheet. Foreign currency risks on individual transactions are hedged by currency futures or currency options if a market analysis requires it. The hedging transactions are in the same currencies as the hedged item. The Group only concludes currency futures contracts when specific claims or obligations exist, or can be expected with reasonable assurance.

On the balance sheet date, there were currency hedging instruments with a volume of € 32,000 thousand (previous year: € 26,000 thousand) and maturities of up to 24 months. As of 31 December 2021, the market value was € 625 thousand (previous year: € 249 thousand). In the reporting year, changes in value from these currency hedging transactions, which constitute financial assets and/or liabilities held at fair value through profit and loss, were recognised in the income statement. These instruments do not constitute effective hedging relationships as per IFRS 9.

Revenue in the HHLA Group is predominantly invoiced in euros or in the national currencies of the European affiliates. Investments in these countries are largely transacted in euros.

Commodity price risk

The Group is primarily exposed to a commodity price risk when purchasing fuel. Depending on the market situation, the Group can arrange price hedges for part of its fuel requirements. This was not the case at the balance sheet date or on 31 December 2020.

In addition to the market risks mentioned, there are also financial risks in the form of credit and liquidity risks.

Credit risk/default risk

The Group only maintains customer relationships on a credit basis with recognised, creditworthy third parties. Clients who wish to complete transactions with the Group on a credit basis are subject to a credit check. Receivables are also monitored on an ongoing basis and impairment allowances are made if risks are identified, such that the Group is not exposed to any additional significant default risks on receivables. The maximum default risk for the trade receivables and other financial receivables is theoretically the carrying amount for the individual receivable. There is no significant concentration of default risks with individual customers.

In respect of some receivables, the Group may obtain securities in the form of guarantees that may be drawn upon as part of contractual arrangements if the counterparty falls into payment default.

The Group applies the simplified approach pursuant to IFRS 9 in order to measure expected credit losses, i.e. the expected lifetime credit losses are applied for trade receivables and contract assets. In order to measure the expected credit losses, trade receivables and contract assets are consolidated on the basis of shared credit risk characteristics and the number of days overdue.

The contract assets held by HHLA are deemed insignificant.

The expected losses given default are based on the payment profiles of the transactions over a period of twelve months prior to 31 December 2021 and the corresponding historic defaults in this period. Furthermore, HHLA factors anticipated changes to the economic environment into its calculations of these losses given default. Due to the uncertainty in the macroeconomic environment in the 2020 financial year, HHLA had increased the existing expected loss ratio when calculating the valuation allowances for trade receivables in the 91–180-day range by 30 %. Based on developments in the 2021 financial year, HHLA no longer considers this increase to be necessary. HHLA also believes that the portfolio of older trade receivables, which increased year-on-year as of 31 December 2021, will be serviced in parts. Furthermore, HHLA has observed trade receivables on a case-by-case basis and made valuation allowances where necessary. The impact on the Consolidated Financial Statements is immaterial. On this basis, the following impairment was calculated on trade receivables as of 31 December 2021 and 31 December 2020:

Determination of impairment on trade receivables as of 31 December 2021

in € thousand	not due	1 - 90 days overdue	91 - 180 days overdue	181 - 270 days overdue	271 - 360 days overdue	more than 360 days overdue	**Total**
Trade receivables before impairment	142,818	34,798	10,017	819	755	2,081	191,288
Expected losses	0.10 %	0.62 %	3.54 %	45.30 %	42.12 %	77.32 %	
Impairment of the reporting year	149	215	355	371	318	1,609	3,017
Trade receivables after impairment							**188,271**

Determination of impairment on trade receivables as of 31 December 2020

in € thousand	not due	1 - 90 days overdue	91 - 180 days overdue	181 - 270 days overdue	271 - 360 days overdue	more than 360 days overdue	**Total**
Trade receivables before impairment	131,370	35,678	1,849	10	321	994	170,222
Expected losses	0.45 %	0.85 %	58.57 %	100.00 %	100.00 %	100.00 %	
Impairment of the previous year	597	304	1,083	10	321	994	3,309
Trade receivables after impairment							**166,913**

Impairments on trade receivables showed the following trends:

Development of the valuation allowances on trade receivables

in € thousand	2021	2020
Valuation allowances as of 1 January	**3,309**	**3,219**
Additions (valuation allowances recognised as expenses)	1,782	2,731
Used	- 325	- 1,263
Reversals	- 1,749	- 1,378
Valuation allowances as of 31 December	**3,017**	**3,309**

Trade receivables are derecognised when a reasonable assessment indicates that there is no prospect of them being realised. The indicators that point to no prospect of realisation following a reasonable assessment include the failure of a debtor to commit to a repayment plan agreed with the Group and, provided there is no information to the contrary, the failure to make contractually agreed payments after being in arrears for 360 days.

Impairment losses on trade receivables are shown as other operating expenses in the operating result. Amounts that have been written off, but that are then generated in subsequent periods, are recognised as other operating income.

The default risk in the case of derivative financial instruments and cash, cash equivalents and short-term deposits is, in theory, that of counterparty default and is therefore equivalent to the carrying amounts of the individual financial instruments. The risk of default can be considered very low since the Group as a rule only conducts derivative financial transactions and liquid investments with counterparties with good credit ratings. In addition, credit risks may arise if the contingent liabilities listed in Note 46 are incurred.

Liquidity risk

The Group guarantees sufficient liquidity at all times with the help of medium-term liquidity planning, by diversifying the maturities of loans and leases, and by means of existing lines of credit and funding commitments. If covenants have been agreed for individual loans, they are monitored on an ongoing basis to make sure they are being complied with. HHLA will introduce measures it deems necessary to ensure that the covenants are met.

For details of the maturities of financial liabilities and liabilities to related parties, please refer to the table of residual maturities for non-current and current financial liabilities under Note 38 and the summary of non-current and current liabilities to related parties under Note 40.

Expected liquidity outflows due to future interest payments for loans and for liabilities from leases

	Up to 1 year		1 to 5 years		Over 5 years		Total	
in € thousand	**31.12.2021**	31.12.2020	**31.12.2021**	31.12.2020	**31.12.2021**	31.12.2020	**31.12.2021**	31.12.2020
Outflow of liquidity for future interest payments on fixed-interest loans	4,375	4,437	14,466	13,598	9,324	8,692	28,165	26,727
Outflow of liquidity for future interest payments on floating-rate loans	1,075	127	3,412	197	4,082	0	8,569	324
For liabilities from leases	18,878	20,633	66,178	74,059	179,111	241,557	264,167	336,249
	24,328	**25,197**	**84,056**	**87,854**	**192,517**	**250,249**	**300,901**	**363,300**

As of the balance sheet date, two fully consolidated companies held interest rate swaps. Due to the minor scope of these instruments, the risk is deemed insignificant.

Financial instruments

Carrying amounts and fair values

The tables below show the carrying amounts and fair values of financial assets and financial liabilities, as well as their level in the fair value hierarchy, see also Note 6 and Note 7.

For financial assets and financial liabilities not held at fair value, there is no disclosure of the fair value in the fair value hierarchy where the carrying amount serves as a reasonable approximation of the fair value.

Financial assets as of 31 December 2021

	Carrying amount				Fair value			
in € thousand	Amortised cost	Fair value through profit or loss	Fair value through other compre-hensive income	**Balance sheet value**	Level 1	Level 2	Level 3	**Total**
Financial assets measured at fair value								
Financial assets		683	4,256	4,939	4,939			4,939
	0	**683**	**4,256**	**4,939**				
Financial assets not measured at fair value								
Financial assets	14,845			14,845				
Trade receivables	188,271			188,271				
Receivables from related parties	86,140			86,140				
Cash, cash equivalents and short-term deposits	155,533			155,533				
	444,789	**0**	**0**	**444,789**				

Financial liabilities as of 31 December 2021

	Carrying amount			Fair value			
in € thousand	Amortised cost	Fair value through profit or loss	**Balance sheet value**	Level 1	Level 2	Level 3	**Total**
Financial liabilities measured at fair value							
Financial liabilities		**58**	**58**	**58**			**58**
	0	**58**	**58**				
Financial liabilities not measured at fair value							
Financial liabilities	**723,024**		**723,024**				
Liabilities from bank loans	334,568		334,568		334,051		334,051
Liabilities from leases	293,693		293,693				
Liabilities from Settlement obligation, non-current	0		0				
Liabilities from Settlement obligation, current	33,434		33,434				
Other financial liabilities, non-current	44,210		44,210		44,210		44,210
Other financial liabilities, current	17,119		17,119				
Trade liabilities	**107,936**		**107,936**				
Liabilities to related parties	**501,119**		**501,119**				
Liabilities from leases	482,280		482,280				
Other Liabilities to related parties	18,839		18,839				
	1,332,079	**0**	**1,332,079**				

Financial assets as of 31 December 2020

in € thousand	Carrying amount				Fair value			
	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	**Balance sheet value**	Level 1	Level 2	Level 3	**Total**
Financial assets measured at fair value								
Financial assets		249	5,931	6,180	6,180			6,180
	0	**249**	**5,931**	**6,180**				
Financial assets not measured at fair value								
Financial assets	13,381			13,381				
Trade receivables	166,913			166,913				
Receivables from related parties	85,283			85,283				
Cash, cash equivalents and short-term deposits	126,858			126,858				
	392,435	**0**	**0**	**392,435**				

Financial liabilities as of 31 December 2020

in € thousand	Carrying amount			Fair value			
	Amortised cost	Fair value through profit or loss	**Balance sheet value**	Level 1	Level 2	Level 3	**Total**
Financial liabilities measured at fair value							
Financial liabilities			**0**				
	0	**0**	**0**				
Financial liabilities not measured at fair value							
Financial liabilities	**646,768**		**646,768**				
Liabilities from bank loans	295,100		295,100		295,929		295,929
Liabilities from leases	264,513		264,513				
Liabilities from Settlement obligation, non-current	23,377		23,377			23,377	23,377
Liabilities from Settlement obligation, current	24,584		24,584				
Other financial liabilities, non-current	21,083		21,083		21,083		21,083
Other financial liabilities, current	18,111		18,111				
Trade liabilities	**90,913**		**90,913**				
Liabilities to related parties	**496,701**		**496,701**				
Liabilities from leases	486,533		486,533				
Other Liabilities to related parties	10,168		10,168				
	1,234,382	**0**	**1,234,382**				

If there are no material differences between the carrying amounts and fair values of the financial instruments reported under non-current financial liabilities with details of fair value, they are recognised at their carrying amount. Otherwise, the fair value must be stated.

A net amount of € 625 thousand (previous year: € 249 thousand) for financial assets and liabilities measured at fair value through profit or loss was reported as changes in value under financial income in the income statement, see Note 16.

Valuation methods and key unobservable input factors for calculating fair value

The table below shows the valuation methods used for level 2 and level 3 fair value measurement and the key unobservable input factors utilised.

Financial instruments not measured at fair value

Type	Valuation method	Key unobservable input factors
Financial liabilities (liabilities from bank loans and other financial liabilities, non-current)	Discounted cash flows	Not applicable
Financial liabilities (liabilities from settlement obligations, non-current)	Discounted cash flows	Annual result (estimated)

There was no reclassification between the individual valuation levels in the reporting year.

48. Related party disclosures

IAS 24 defines related parties as companies and individuals which directly or indirectly control or exert significant influence over the Group or over which the Group has control, joint control or significant influence.

The shareholder HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg (HGV), and its shareholder, the Free and Hanseatic City of Hamburg (FHH), companies over which the shareholder or the Free and Hanseatic City of Hamburg has control or significant influence, the members of HHLA's Executive and Supervisory Boards, and the subsidiaries, associates and joint ventures in the Group are therefore defined as related parties. HGV is the parent company of HHLA, which publishes Consolidated Financial Statements. These are published in the electronic version of the German Federal Gazette under HRB 16106. Hamburger Hafen und Logistik Aktiengesellschaft (HHLA) is the parent company of the Group.

Transactions with not fully consolidated related parties

	Income		Expenses		Receivables		Liabilities	
in € thousand	**2021**	2020	**2021**	2020	**31.12.2021**	31.12.2020	**31.12.2021**	31.12.2020
Companies with control over the Group	5	1,286	873	780	82,911	82,262	0	0
Non-consolidated subsidiaries	13	0	543	353	19	0	312	51
Joint ventures	21,791	19,582	16,675	15,299	2,111	2,344	12,010	8,651
Associated companies	520	200	4	0	4	79	77	77
Other transactions with related parties	8,870	6,024	9,354	9,429	1,095	598	488,720	487,922
	31,199	**27,092**	**27,449**	**25,861**	**86,140**	**85,283**	**501,119**	**496,701**

The receivables from companies with a controlling interest mainly relate to receivables from cash clearing with HGV, see Note 29. HHLA's receivables accrued interest at a rate of 0.00 % p.a. (previous year: 0.00 % p.a.) in the reporting period.

The transactions with joint ventures pertain to transactions with companies accounted for using the equity method. This primarily affects the companies HHLA Frucht- und Kühl-Zentrum GmbH and Kombi-Transeuropa Terminal Hamburg GmbH.

Lease liabilities, primarily for the lease of land and quay walls from Hamburg Port Authority (HPA), are included in other transactions with related parties. For more details, see also Note 40 and Note 45.

Furthermore, HGV and the Free and Hanseatic City of Hamburg as parties related to HHLA have provided various comfort letters and guarantees to lender banks for loans granted to companies in the Group. The nominal amount of the associated liabilities from bank loans is € 103,000 thousand (previous year: € 103,000 thousand), of which approx. € 34,661 thousand was still outstanding on the balance sheet date (previous year: € 40,453 thousand) plus interest.

With effect from 18 October 2007, a partial loss compensation agreement was concluded between HHLA and HGV. HGV hereby undertakes to assume each annual deficit posted by the HHLA Real Estate subgroup as per commercial law during the term of the agreement. This applies insofar as the deficit is not compensated for by transferring amounts from retained earnings, other revenue reserves or the capital reserve which were carried forward as profit or transferred to these reserves during the term of the contract in accordance with Section 272 (2) (4) HGB.

Expenses and income from related parties are on standard market terms. The amounts outstanding at year-end are not secured and – with the exception of overnight funds in clearing – do not attract interest.

On 28 December 2020, HHLA concluded two agreements related to spaces leased by HHLA from HPA in the O'Swaldkai terminal. These consist of a three-party agreement ("Trilateral Agreement") with HPA and FHH and an amendment contract to an existing lease contract between HHLA and HPA ("Amendment Contract"). HHLA's Supervisory Board has given its consent to the Trilateral Agreement and the Amendment Contract.

The Trilateral Agreement and Amendment Contract regulate the following:

As a result of FHH's planned urban development of the Grasbrook district and with the aim of securing the location for HHLA for the long term, the areas that HHLA leases at the O'Swaldkai terminal will be reduced in size; in exchange, the lease agreement for the remaining areas will be extended ahead of time until 2049. During this process, there will also be a partially retroactive, future adjustment of the annual net basic lease fee. Taking into account the reduction in area, the present value of lease payments for the term of the amended lease agreement is € 99.1 million. HHLA will receive financial compensation, especially for the early return of sub-areas and to carry out necessary modification measures to ensure that its operations at the O'Swaldkai terminal can be maintained at the same level. The compensation is capped at a maximum of € 120 million, including value added tax. Under certain circumstances, this amount may be increased by up to € 10 million, including value added tax. The precise amount will be determined by an independent appraiser. The Trilateral Agreement and Amendment Contract are contingent upon conditions precedent being met.

No loans or comparable benefits were granted to the members of the Executive and Supervisory Boards in the reporting year or in the previous year.

List of HHLA's shareholdings by business sector as of 31 December 2021

	Share of capital held	
Name and headquarters of the company	directly in %	indirectly in %
Port Logistics subgroup		
Container segment		
HHLA Container Terminal Burchardkai GmbH, Hamburg[1, 4b]	100.0	
Service Center Burchardkai GmbH, Hamburg[1, 4c,]		100.0
HCCR Hamburger Container- und Chassis-Reparatur-Gesellschaft mbH, Hamburg[1, 4b]	100.0	
HHLA Container Terminal Tollerort GmbH, Hamburg[1, 4b]	100.0	
HHLA Rosshafen Terminal GmbH, Hamburg[1, 4a]		100.0
HHLA Container Terminal Altenwerder GmbH, Hamburg[1]	74.9	
SCA Service Center Altenwerder GmbH, Hamburg[1]		74.9
Kombi-Transeuropa Terminal Hamburg GmbH, Hamburg[2]		37.5
HVCC Hamburg Vessel Coordination Center GmbH, Hamburg[2]	66.0	
CuxPort GmbH, Cuxhaven[2]	25.1	
Cuxcargo Hafenbetrieb GmbH & Co. KG, Cuxhaven[3]	50.0	
Cuxcargo Hafenbetrieb Verwaltungs-GmbH, Cuxhaven[3]	50.0	
DHU Gesellschaft Datenverarbeitung Hamburger Umschlagsbetriebe mbH, Hamburg[2]	40.4	
HHLA International GmbH, Hamburg[1, 4b]	100.0	
HHLA TK Estonia AS, Tallinn/Estonia[1]		100.0
HHLA PLT Italy S.r.l., Trieste/Italy[1]		50.01
SC Container Terminal Odessa, Odessa/Ukraine[1]		100.0
Intermodal segment		
CTD Container-Transport-Dienst GmbH, Hamburg[1,4c]	100.0	
HHLA Project Logistics LLC, Poti/Georgia[1]		75.0
LLC „HHLA Intermodal Ukraine“, Odessa/Ukraine[1]		100.0
LLC „Ukrainian Intermodal Company“, Odessa/Ukraine[1]		100.0
METRANS a.s., Prague/Czech Republic[1]	100.0	
METRANS Adria D.O.O., Koper/Slovenia[1]		100.0
METRANS (Danubia) a.s., Dunajská Streda/Slovakia[1]		100.0
METRANS (Danubia) Kft., Győr/Hungary[1]		100.0
METRANS Danubia Krems GmbH, Krems an der Donau/Austria[1]		100.0
METRANS D.O.O., Rijeka/Croatia[1, 3]		100.0
METRANS DYKO Rail Repair Shop s.r.o., Prague/Czech Republic[1]		100.0
METRANS İSTANBUL STI, Istanbul/Turkey[1]		100.0
METRANS Konténer Kft., Budapest/Hungary[1]		100.0
METRANS (Polonia) Sp.z o.o, Warsaw/Poland[1]		100.0
METRANS Rail s.r.o., Prague/Czech Republic[1]		100.0
METRANS Rail (Deutschland) GmbH, Leipzig[1]		100.0
METRANS Szeged Kft., Budapest/Hungary[1]		100.0
METRANS Umschlagsgesellschaft mbH, Hamburg[1]		100.0
METRANS Zalaegerszeg Kft., Budapest/Hungary[1]		100.0
TIP Žilina, s.r.o., Dunajská Streda/Slovakia[1]		100.0
UniverTrans Kft., Budapest/Hungary[1]		100.0
METRANS Railprofi Austria GmbH, Krems an der Donau/Austria[1]		80.0
IPN Inland Port Network Verwaltungsgesellschaft mbH, Hamburg[3]	50.0	
IPN Inland Port Network GmbH & Co. KG, Hamburg[3]	50.0	

Name and headquarters of the company	Share of capital held directly in %	Share of capital held indirectly in %
Logistics segment		
HHLA Digital Next GmbH, Hamburg[1]	100.0	
HHLA Next GmbH, Hamburg[1,3]	100.0	
iSAM AG, Mülheim an der Ruhr[1]	80.0	
iSAM Asia Pacific Pty Ltd, Paddington, Queensland/Australia[1]		80.0
iSAM Automation Canada Corp., Port Moody, British Columbia/Canada[1]		80.0
iSAM Automation Switzerland AG, Freienbach/Switzerland[1,3]		80.0
iSAM North America Corp., Mobile, Alabama/USA[1]		80.0
iSAM HWS Holding GmbH i.L., Mülheim an der Ruhr[1,3]		40.0
Bionic Production GmbH, Lüneburg[1]	50.1	
HPC Hamburg Port Consulting GmbH, Hamburg[1,4a]	100.0	
omoqo GmbH i.G., Hamburg[1,3]		100.0
UNIKAI Lagerei- und Speditionsgesellschaft mbH, Hamburg, Hamburg[1]	51.0	
ARS-UNIKAI GmbH, Hamburg[2]		25.5
HHLA Sky GmbH, Hamburg[1]	100.0	
Third Element Aviation GmbH, Bielefeld[2]		29.7
modility GmbH, Hamburg[1]	100.0	
HHLA Frucht- und Kühl-Zentrum GmbH, Hamburg[2]	51.0	
Ulrich Stein Gesellschaft mit beschränkter Haftung, Hamburg[2]	51.0	
Hansaport Hafenbetriebsgesellschaft mit beschränkter Haftung, Hamburg[2,4b]	49.0	
Hyperport Cargo Solutions GmbH i.G., Hamburg[2]	50.0	
Spherie UG (haftungsbeschränkt), Hamburg[2]	25.1	
Holding/other		
GHL Zweite Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung mbH, Hamburg[1,4c]	100.0	
HHLA-Personal-Service GmbH, Hamburg[1,4b]	100.0	
Real Estate subgroup		
Real Estate segment		
Fischmarkt Hamburg-Altona Gesellschaft mit beschränkter Haftung, Hamburg[1,4a]	100.0	
HHLA Immobilien Speicherstadt GmbH, Hamburg[1, 3]	100.0	
HHLA 1. Speicherstadt Immobilien GmbH & Co. KG, Hamburg[1,4d]	100.0	
HHLA 2. Speicherstadt Immobilien GmbH & Co. KG, Hamburg[1,4d]	100.0	

1 Controlled companies.

2 Companies recognised using the equity method.

3 Due to the overall minor importance of these companies, they are not recognised in the consolidated financial statements or accounted for using the equity method, instead, they are reported as shares in affiliated companies or as other participations.

4a The non-disclosure option provided for in section 264 (3) of the German Commercial Code (HGB) was used for these companies.

4b The non-disclosure option and the option of non-inclusion in the Management Report provided for in section 264 (3) of the German Commercial Code (HGB) were used for these companies.

4c The non-disclosure option and the option of non-inclusion in the Management Report and the notes provided for in section 264 (3) of the German Commercial Code (HGB) were used for these companies.

4d The non-disclosure option provided for in section 264b of the German Commercial Code (HGB) was used for these companies.

Remuneration for key management personnel

IAS 24 requires the remuneration of key management personnel to be disclosed. This relates to the active Executive Board and the Supervisory Board. Apart from the details provided below, there were no notifiable transactions with related parties or their close relatives in the 2021 financial year.

For further details of the remuneration paid to individual Executive and Supervisory Board members, please see the remuneration report.

Remuneration for active members of the Executive and Supervisory Board

Remuneration for active members of the Executive and Supervisory Boards

	Executive Board		Supervisory Board	
in € thousand	**2021**	2020	**2021**	2020
Short-term remuneration	3,200	3,182	309	312
of which is non-perfomance-related	1,625	1,620	–	–
of which is perfomance-related	1,575	1,562	–	–
Benefits due after termination of the contract	1,586	1,537	–	–
	4,786	**4,719**	**309**	**312**

The performance-related portion of the Executive Board's remuneration had not been paid as of the balance sheet date.

In the 2021 financial year, the short-term benefits payable to the Supervisory Board totalled € 309 thousand (previous year: € 312 thousand). Fixed basic salaries accounted for € 196 thousand (previous year: € 197 thousand) of this, remuneration for committee work made up € 78 thousand (previous year: € 77 thousand) and € 35 thousand (previous year: € 38 thousand) consisted of meeting fees.

The past service cost resulting from pension provisions for active members of the Executive Board is reported as post-employment benefits. As of the reporting date, the associated obligation stood at € 12,735 thousand (previous year: € 11,471 thousand).

The Executive Board members' individual pension entitlements as per HGB are as follows:

Individual pension claims of members of the management board in accordance with German Commercial Code (HGB)

in € thousand	**31.12.2021**	31.12.2020
Angela Titzrath	4,479	3,260
Dr. Roland Lappin	5,704	4,017
	10,183	**7,277**

Former members of the Executive Board

Benefits totalling € 1,157 thousand (previous year: € 1,139 thousand) were paid to former members of the Executive Board and their surviving dependants. The defined benefit obligation for current pensions calculated in accordance with International Financial Reporting Standards amounts to € 27,563 thousand (previous year: € 30,329 thousand).

49. Board members and mandates

The members of the company boards and their mandates are listed in the Combined Management Report under corporate governance in the Corporate Governance Declaration.

50. German Corporate Governance Code

HHLA has based its corporate governance on the recommendations of the German Corporate Governance Code (the Code) as published on 16 December 2019. Information on corporate governance at HHLA and a detailed report on the amount and structure of the remuneration paid to the Supervisory Board and Executive Board can be found in the Combined Management Report and Note 48 of this report. The Executive Board and Supervisory Board discussed matters of corporate governance in 2021 and on 13 December 2021 issued the 2021 declaration of compliance in accordance with Section 161 AktG, which is permanently available to shareholders on the company's website at www.hhla.de.

51. Auditing fees

In both the reporting year and the previous year, fees for auditing the financial statements primarily consisted of the fees for the audit of the Consolidated Financial Statements, the audits of the financial statements of HHLA AG and its domestic subsidiaries, and the review of the interim financial statements. The other certification services primarily encompass the review of the compliance management system, the review of the remuneration report, the review of the non-financial report pursuant to ISAE 3000 (revised) and the review of financial information, in particular according to the Renewable Energy Sources Act (EEG) and the Combined Heat and Power Act (KWKG). The tax advisory services in the previous year include training services on reporting obligations in connection with international tax structuring. Other services were also rendered in the form of workshops relating to strategic projects. PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft was appointed as the auditor for the 2021 financial year, as in the previous year.

Auditing fees

in € thousand	**2021**	2020
Audit of financial statements	658	557
Other certification services	163	68
Tax advisory services	0	10
Other services	2	0
	823	**635**

52. Events after the balance sheet date

On 21 September 2021, HHLA AG and COSCO SHIPPING Ports Limited (CSPL), a terminal operator and member of the COSCO Shipping Group listed on the Hong Kong stock exchange, signed an agreement regarding CSPL's strategic non-controlling interest of 35.0 % in HHLA Container Terminal Tollerort (CTT), a 100 % subsidiary of HHLA AG. The completion of the transaction is still subject to various conditions relating to competition law and foreign trade law (conditions precedent), which had not yet been met at the time these consolidated financial statements were approved by the Executive Board. HHLA AG's Supervisory Board has already approved the minority interest.

METRANS a.s, Prague, Czech Republic, acquired 100 % of the shares in CL EUROPORT Sp. z o.o. based in Malaszewicze, Poland, directly by means of a share purchase and transfer agreement dated 16 December 2021 and indirectly with the acquisition of the shares in CL EUROPORT s.r.o. based in Plzen, Czech Republic, by means of a share purchase and transfer agreement dated 16 December 2021. The company's purpose is to operate a container terminal offering intermodal services relating to the handling of container trains, road transport and container storage. The first-time consolidation of the companies took place on the acquisition date on 4 January 2022. The company will be assigned to the Intermodal segment. Both companies will be included in HHLA's group of consolidated companies as of 31 March 2022, please refer to Note 3.

After the end of the reporting period, the conflict over the political future of Ukraine escalated dramatically. With the invasion by Russian troops on 24 February 2022, it must be assumed that the economic environment and economic development in Ukraine will deteriorate further. Moreover, the impact of the sanctions announced and possible retaliatory measures on the global economy cannot be determined with any certainty. As a result of the developments outlined above, effects may arise that could have a negative impact on the results of operations, net assets and financial position of the HHLA Group. The potential for future revaluations cannot be ruled out.

HHLA is in a position to be able to bear these risks. The continued existence of the Group is therefore not at risk.

There were no other events of special significance after the balance sheet date of 31 December 2021.

Hamburg, Germany, 7 March 2022

Hamburger Hafen und Logistik Aktiengesellschaft

The Executive Board

Angela Titzrath   Jens Hansen   Dr. Roland Lappin   Torben Seebold

Annual financial statements of HHLA AG

The Annual Financial Statements and Combined Management Report of Hamburger Hafen und Logistik Aktiengesellschaft, Hamburg, for the 2021 financial year have been prepared according to the provisions of German commercial law and have been endorsed with an unqualified auditor's opinion by the auditors of PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft.

Income statement for the period from 1 January to 31 December 2021

in €	2021	2020
Revenue	143,136,929.48	133,493,943.37
Increase or decrease in work in progress	- 315,223.39	105,468.11
Own work capitalised	652,505.87	655,771.79
Other operating income	8,034,563.74	1,984,131.21
of which income from translation differences	13,678.13	35,790.60
Cost of materials	13,177,694.02	13,289,876.55
Expenses for raw materials, consumables, supplies and purchased merchandise	5,838,390.60	6,649,719.08
Expenses for purchased services	7,339,303.42	6,640,157.47
Personnel expenses	110,205,451.35	105,629,192.12
Wages and salaries	93,775,546.62	92,061,979.17
Social security contributions and expenses for pension and similar benefits	16,429,904.73	13,567,212.95
of which for pensions	671,356.91	- 1,688,757.89
Depreciation and amortisation on intangible fixed assets and property, plant and equipment	6,301,531.41	4,741,915.26
Other operating expenses	62,950,131.11	84,428,005.94
of which expenses from translation differences	59,929.54	42,539.21
Income from profit transfer agreements	104,297,623.30	62,462,586.74
Income from equity participations	55,829,870.46	52,975,480.68
of which from affiliated companies	50,940,977.21	48,731,638.03
Other interest and similar income	4,207,018.53	3,910,849.49
of which from affiliated companies	4,204,984.91	3,868,910.52
Depreciation and amortisation on financial assets	11,248,949.91	166,488.30
Expenses from assumed losses	2,655,913.71	20,541,820.77
Interest and similar expenses	27,615,375.45	27,636,182.32
of which from accrued interest	24,292,701.91	24,219,021.54
Taxes on income	19,543,603.46	- 11,860,691.87
of which income from the change unrecognised taxes	5,854,158.93	23,136,730.52
Profit after tax	**62,144,637.57**	**11,015,442.00**
Other taxes	155,565.26	160,501.03
Net profit for the year	**61,989,072.31**	**10,854,940.97**
Profit carried forward from the previous year	175,504,837.61	219,363,530.44
Dividend distributed	37,944,546.75	54,713,633.80
Unappropriated profit	**199,549,363.17**	**175,504,837.61**

Balance sheet as of 31 December 2021

in €	31.12.2021	31.12.2020
ASSETS		
Intangible assets		
Internally generated industrial and similar rights and values	6,809,866.89	7,554,946.10
Purchased software	1,002,897.95	667,840.50
Assets in development	17,356,864.28	15,360,344.10
	25,169,629.12	**23,583,130.70**
Property, plant and equipment		
Land, equivalent land rights and buildings, including buildings on leased land	2,533,924.03	4,308,873.28
Technical equipment and machinery	5,718.73	969,190.94
Other plant, operating and office equipment	3,427,868.22	3,272,261.95
Payments made on account and plant under construction	329,440.05	385,148.22
	6,296,951.03	**8,935,474.39**
Financial assets		
Interests in affiliated companies	433,831,063.73	426,119,324.71
Loans to affiliated companies	17,820,000.00	5,500,000.00
Equity investments	8,012,876.79	9,364,387.19
Non-current securities	715,276.40	715,785.13
	460,379,216.92	**441,699,497.03**
Non-current assets	**491,845,797.07**	**474,218,102.12**
Inventories		
Raw materials, consumables and supplies	243,019.47	245,314.50
Work in progress	432,088.88	747,312.27
	675,108.35	**992,626.77**
Receivables and other assets		
Trade receivables	727,939.56	1,079,427.43
Receivables from the Free and Hanseatic City of Hamburg	1,176,654.63	250.00
thereof with a maturity of more than one year	1,154,327.25	0
Receivables from the HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg	82,500,000.00	82,000,000.00
Receivables from affiliated companies	526,307,409.92	468,521,236.06
Receivables from investee companies	4,921.11	0
Other assets	8,027,015.75	8,211,348.89
thereof with a maturity of more than one year	66,568.00	66,568.00
	618,743,940.97	**559,812,262.38**
Cash and cash equivalents	**103,266,698.16**	**92,754,484.24**
Current assets	**722,685,747.48**	**653,559,373.39**
Accruals and deferrals	**1,270,991.29**	**1,024,319.17**
Deferred tax assets	**92,911,660.08**	**86,642,059.56**
Balance sheet total	**1,308,714,195.92**	**1,215,443,854.24**

in €	31.12.2021	31.12.2020
EQUITY AND LIABILITIES		
Equity		
Subscribed capital		
Port Logistics subgroup	72,514,938.00	71,700,215.00
Real Estate subgroup	2,704,500.00	2,704,500.00
	75,219,438.00	**74,404,715.00**
Capital reserve		
Port Logistics subgroup	176,573,426.91	160,285,484.69
Real Estate subgroup	506,206.26	506,206.26
	177,079,633.17	**160,791,690.95**
Statutory reserve		
Port Logistics subgroup	5,125,000.00	5,125,000.00
Real Estate subgroup	205,000.00	205,000.00
	5,330,000.00	**5,330,000.00**
Other earnings reserves		
Port Logistics subgroup	57,218,380.36	57,218,380.36
Real Estate subgroup	1,322,353.86	1,322,353.86
	58,540,734.22	**58,540,734.22**
Retained earnings	**63,870,734.22**	**63,870,734.22**
Unappropriated profit		
Port Logistics subgroup	158,592,452.13	137,107,716.31
Real Estate subgroup	40,956,911.04	38,397,121.30
	199,549,363.17	**175,504,837.61**
Equity	**515,719,168.56**	**474,571,977.78**
Provisions		
Provisions for pensions and similar obligations	342,699,304.20	334,760,818.15
Tax provisions	10,155,530.85	2,107,471.28
Other provisions	83,209,677.30	87,512,153.67
	436,064,512.35	**424,380,443.10**
Liabilities		
Liabilities from bank loans	186,180,586.77	166,180,586.77
Payments on account	415,088.88	709,028.27
Trade liabilities	5,406,169.15	3,428,756.93
Liabilities towards the Free and Hanseatic City of Hamburg	0	9,946.67
Liabilities towards affiliated companies	98,197,449.08	82,738,215.55
Liabilities towards investee companies	9,837,043.99	6,254,298.23
Other liabilities	46,656,497.31	47,348,407.76
of which from taxes	1,935,151.36	8,467,933.09
of which for social security	193,238.94	291,858.39
	346,692,835.18	**306,669,240.18**
Accruals and deferrals	**45.06**	**0**
Deferred tax liabilities	**10,237,634.77**	**9,822,193.18**
Balance sheet total	**1,308,714,195.92**	**1,215,443,854.24**

Independent auditor's report

The following copy of the auditor's report also includes a "Report on the audit of the electronic renderings of the financial statements and the management report prepared for disclosure purposes in accordance with § 317 Abs. 3b HGB" ("Separate report on ESEF conformity"). The subject matter (ESEF documents) to which the Separate report on ESEF conformity relates is not attached. The audited ESEF documents can be inspected in or retrieved from the Federal Gazette.

To Hamburger Hafen und Logistik Aktiengesellschaft, Hamburg

Report on the audit of the consolidated financial statements and of the group management report

Audit Opinions

We have audited the consolidated financial statements of Hamburger Hafen und Logistik Aktiengesellschaft, Hamburg, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2021**,** and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from January 1 to December 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Hamburger Hafen und Logistik Aktiengesellschaft, which is combined with the Company's management report. In accordance with the German legal requirements, we have not audited the content of the statement on corporate governance pursuant to § 289f HGB and § 315d HGB.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2021, and of its financial performance for the financial year from January 1 to December 31, 2021, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of the statement on corporate governance referred to above.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") 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 Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

1. Recoverability of goodwill
2. Recognition and measurement of pension obligations and other termination benefits as well as plan assets
3. Restructuring measures

Our presentation of these key audit matters has been structured in each case as follows:

1. Matter and issue
2. Audit approach and findings
3. Reference to further information

Hereinafter we present the key audit matters:

1. Recoverability of goodwill

1. In the Company's consolidated financial statements goodwill amounting in total to EUR 61,462 thousand (2.2% of total assets) is reported under the "Intangible assets" balance sheet item. Goodwill is tested for impairment by the Company once a year or when there are indications of impairment to determine any possible need for write-downs. Impairment testing is carried out at the level of the groups of cash-generating units to which the relevant goodwill is allocated. The carrying amount of the relevant cash-generating units, including goodwill, is compared with the corresponding recoverable amount in the context of the impairment test. The recoverable amount is generally calculated on the basis of fair value less costs of disposal. The present value of the future cash flows from the respective group of cash-generating units normally serves as the basis of valuation. The present values are calculated using discounted cash flow models. For this purpose, the Group's approved medium-term planning forms the starting point which is extrapolated based on assumptions about long-term rates of growth. These projections also factor in expectations as to the future development of the market and assumptions as to the development of macroeconomic variables, as well as the expected impacts of the ongoing coronavirus crisis on the Group's business. The discount rate used is the weighted average cost of capital for the respective group of cash-generating units. As a result of the impairment tests, an impairment loss of EUR 4,982 thousand was recognized in respect of the Bionic cash-generating unit.

The outcome of this valuation is dependent to a large extent not only on the estimates made by the executive directors with respect to the future cash inflows from the respective group of cash-generating units, the discount rate used, the rate of growth and other assumptions but also the impacts of the coronavirus pandemic, and is therefore subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance during our audit.

2. As part of our audit, we reviewed the methodology employed for the purposes of performing the impairment tests, among other things. After matching the future cash inflows used for the calculation against the adopted medium-term business plan of the Group, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sector-specific market expectations. In this context, we also assessed the executive directors' estimate as to the impact of the coronavirus crisis on the Group's business and evaluated how this was taken into consideration in calculating the future cash inflows. In addition, we assessed the appropriate consideration of the costs of Group functions. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated in this way, we also focused our testing on the parameters used to determine the discount rate applied, and assessed the calculation model.

In order to reflect the uncertainty inherent in the projections, we evaluated the sensitivity analysis performed by the Company. We verified that the necessary disclosures were made in the notes relating to the PLT cash-generating unit for which a reasonably possible change in an assumption would result in the recoverable amount falling below the carrying amount of the cash-generating unit including the allocated goodwill.

Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

3. The Company’s disclosures on goodwill are contained in the section entitled “Intangible assets” of the notes to the consolidated financial statements.

2. Recognition and measurement of pension obligations and other termination benefits as well as plan assets

1. In the Company’s consolidated financial statements obligations from pensions, capital plans and working lives amounting to EUR 489,300 thousand (17.5% of total assets) are reported under the “Pension provisions” balance sheet item, comprising the net amount of the obligations from various pension plans and obligations from capital plans and working lives amounting to EUR 489,479 thousand and the fair value of plan assets amounting to EUR 179 thousand. The majority of these provisions relate to old-age and transitional pension commitments in Germany. Obligations under defined benefit plans are measured using the projected unit credit method. This requires assumptions to be made in particular about long-term rates of growth in salaries and pensions, average life expectancy, and staff turnover. The average life expectancy was calculated as of December 31, 2021 based on the mortality tables published by Heubeck-Richttafeln GmbH (Heubeck 2018 G mortality tables). Furthermore, the discount rate must be determined by reference to the yield on high-quality corporate bonds with matching currencies and consistent maturities. This usually requires the data to be extrapolated, since sufficient non-current corporate bonds with longer maturies do not exist. The plan assets are measured at fair value, which in turn involves estimation uncertainties.

From our point of view, these matters were of particular significance in the context of our audit because the recognition and measurement of this significant item in terms of its amount are based to a large extent on estimates and assumptions made by the Company’s executive directors.

2. As part of our audit we evaluated the actuarial expert reports obtained and the professional qualifications of the external experts, among other things. We also examined the specific features of the actuarial calculations and assessed the numerical data, the actuarial parameters and the valuation methods on which the valuations were based for compliance with the standard and appropriateness, in addition to other procedures. In addition, we analyzed the development of the obligation and the cost components in accordance with actuarial expert reports in the light of changes occurring in the valuation parameters and the numerical data, and assessed their plausibility. For the purposes of our audit of the fair value of the plan assets, we obtained bank and fund confirmations.

Based on our audit procedures, we were able to satisfy ourselves that the estimates and assumptions made by the executive directors are substantiated and sufficiently documented.

3. The disclosures relating to pension obligations and other post-employment benefits as well as plan assets are contained in the section entitled “Pension provisions” of the notes to the consolidated financial statements.

3. Restructuring measures

1. The Company resolved restructuring measures, and recognized them in profit or loss for the first time, in financial year 2020 as part of an efficiency program to enhance its competitiveness. In the consolidated financial statements restructuring provisions amounting to EUR 52,554 thousand (1.9% of total assets) in respect of these measures are reported under the “Other provisions” balance sheet item. This efficiency program is designed to permanently reduce personnel expenses. Among other measures set out in the program, the number of employees will be reduced. The Company aims to implement the program in a socially responsible manner by means of partial retirement arrangements. These partial retirement arrangements, with pro rata release from duties while still in the active phase, form the basis of the Company’s planned staff reductions. In order for a restructuring provision to be recognized, the general recognition criteria for provisions pursuant to IAS 37.14 must be satisfied, which are further specified for restructuring measures within the meaning of IAS 37.10 by the regulations in IAS 37.70 *et seq*. The requirements of IAS 19.153 *et seq*. apply to the measurement of the partial retirement arrangements underlying the restructuring. In our view, this matter was of particular significance in the context of our audit as the recognition of restructuring provisions is to a large extent based on estimates and assumptions made by the executive directors and these have a significant influence on the recognition and/or amount of any provisions to be recognized.

2. As part of our audit, we assessed whether the individual recognition criteria were met and whether the measurement of the restructuring provision was appropriate. To that end, we obtained and evaluated relevant evidence from the executive directors of the Company. In addition, we considered the measurements of the individual components of provisions carried out by the Company with respect to their appropriateness and methodology and the transparency of the values determined. At the same time, we obtained an understanding of the underlying source data, value parameters and assumptions made, evaluated those factors critically and assessed whether they lay within a reasonable range. We furthermore reviewed on a test basis the correctness of the source data input into the calculations. We were able to satisfy ourselves that the matter and the estimates and assumptions made by the executive directors in connection with the recognition and measurement of a restructuring provision were sufficiently documented and substantiated. Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

3. The Company's disclosures relating to restructuring provisions are contained in the section entitled "Other non-current and current provisions" in the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the statement on corporate governance pursuant to § 289f HGB and § 315d HGB as an unaudited part of the group management.

The other information comprises further

- the separate non-financial statement pursuant to § 289b Abs. 3 HGB and § 315b Abs. 3 HGB
- all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

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

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

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

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

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

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

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

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group’s position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor’s report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor’s report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group’s position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the “ESEF documents”) contained in the electronic file hhlaag_KA_ESEF-2021-12-31.ZIP and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format (“ESEF format”). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January 1 to December 31, 2021 contained in the “Report on the Audit of the Consolidated Financial Statements and on the Group Management Report” above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (10.2021)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the “Group Auditor’s Responsibilities for the Assurance Work on the ESEF Documents” section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor’s Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on June 10, 2021. We were engaged by the supervisory board on December 23, 2021. We have been the group auditor of the Hamburger Hafen und Logistik Aktiengesellschaft, Hamburg, without interruption since the financial year 2016.

We declare that the audit opinions expressed in this auditor’s report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Reference to an other matter– use of the auditor's report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be published in the Federal Gazette – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German public auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Christoph Fehling.

Hamburg, March 11, 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

sgd. Christoph Fehling
Wirtschaftsprüfer
(German Public Auditor)

sgd. ppa. Martin Kleinfeldt
Wirtschaftsprüfer
(German Public Auditor)

Assurance of the legal representatives

To the best of our knowledge, and in accordance with the applicable accounting principles for financial reporting, the Consolidated Financial Statements give a true and fair view of the net assets, financial and earnings position of the Group, and the Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the coming financial year.

Hamburg, Germany, 7 March 2022

Hamburger Hafen und Logistik Aktiengesellschaft

The Executive Board

Angela Titzrath | Jens Hansen | Dr. Roland Lappin | Torben Seebold

Contents sustainability

*Part of the non-financial report

Sustainability

Angela Titzrath
Chairwoman of the
Executive Board

Ladies and gentlemen,

Sustainable business practices have been part of the DNA of Hamburger Hafen und Logistik AG for many decades now. Our sustainability strategy is integrated into the development of our business model under the heading “Balanced Logistics”. We have been reporting on our activities transparently and systematically for many years now in line with the internationally recognised standards of the Global Reporting Initiative (GRI) and documenting how our business decisions contribute to achieving the Sustainable Development Goals (SDGs) of the United Nations.

Part of our mission to provide transparency includes fostering an open, trusting and regular dialogue with our stakeholders and interest groups. In order to further enhance our sustainability reporting, we once again carried out an extensive stakeholder survey in 2021 and determined the social, environmental and economic topics of importance to HHLA and to you, our stakeholders. On this basis, we have once again extended the audited disclosures for our non-financial report.

The 2021 financial year demonstrated yet again how important it is to reconcile economic, social and ecological aspects. We are still managing to do this despite the current coronavirus pandemic. This crisis has highlighted just how fragile the foundations on which we live really are. What has been encouraging, however, is the realisation that we have the possibility to contain the virus if the relevant protective measures are applied consistently. Our long-term aim is to achieve climate-neutral production throughout the HHLA Group by 2040. We want to halve our CO_2 emissions by 2030, compared with 2018. Transport and logistics is responsible for 20 percent of carbon emissions in Germany and for as much as 25 percent in Europe as a whole. As part of its European Green Deal, the European Union has set itself ambitious targets for achieving net zero greenhouse gas emissions in Europe by 2050. In freight traffic, emissions are to be reduced by 90 percent. HHLA is doing its bit to transform declarations of intent into concrete action.

For example, HHLA has increased its rail transport by over 40 percent since 2018. After all, transferring goods from road to rail is a key lever for mitigating climate change. More goods are now transported by rail from the Port of Hamburg than from the ports of Rotterdam, Antwerp and Bremerhaven combined. The trains of our rail subsidiary METRANS have been running on green electricity in Germany since early 2021. This corresponds to a reduction in carbon emissions of almost 50,000 tonnes per year. Furthermore, we voluntarily offset unavoidable CO_2 emissions on all METRANS routes to and from Hamburg, Koper and Bremerhaven. For HHLA, climate-neutral supply chains already start with quayside handling. Our Container Terminal Altenwerder was once again certified climate-neutral in 2021. There is still no other handling facility in the world that can offer such a high degree of climate neutrality. We want to achieve this same standard at our other facilities by further automating and digitalising our terminal processes during live operations. Innovation and technical excellence are the keys for us to develop sustainable solutions that enable us to protect the environment while achieving business success. Our commitment has also been recognised by independent bodies: in late 2021, the international CDP initiative (formerly: Carbon Disclosure Project) awarded our activities the second-highest ranking (B) in its climate rating system.

With that in mind, we are also turning our attention to the topic of hydrogen. The use of hydrogen as an energy source can make a key contribution to the decarbonisation of our company, which is why we launched the HHLA Hydrogen Network project. As our network extends from various ports into the European hinterland, we are ideally placed to exploit the opportunities offered by hydrogen import and transportation.

I encourage you to read more about this and other topics in our 2021 Sustainability Report for a complete overview of our goals and measures.

Yours,

A. Titzrath

Angela Titzrath
Chairwoman of the Executive Board

Balanced Logistics
FOR SUSTAINABLE SOLUTIONS

Balanced Logistics – for sustainable solutions

As a company with a long tradition and a wealth of experience, HHLA is highly engaged with addressing social developments. Sustainability has therefore been anchored deep in our company DNA for a long time. HHLA is committed to being both economically successful as well as socially and ecologically responsible. This ambition has been implemented with "Balanced Logistics", even in the midst of the challenging conditions of 2021.

In implementing its "Balanced Logistics" sustainability strategy, HHLA is strengthening its commitment to bringing together environmental, social and economic responsibility. Each is a prerequisite for the others: Economic success creates the means and opportunities to be able to invest in the needs of our employees and in climate-friendly technologies, as well as to fulfil our commitment to a policy of social and environmental responsibility.

HHLA sees innovation and process efficiency as crucial factors in developing sustainable solutions, being environmentally responsible and operating successfully in line with its self-image as the "gateway to the future". In order to implement its goals in a systematic way, HHLA has assigned its initiatives to nine different fields of activity and established the relevant guidelines and targets.

Open dialogue is essential for reconciling different stakeholder interests and developing a mutual understanding. Sustainable growth in logistics requires inspiration and constructive contributions from many different sides.

For example, the infrastructure for automated, battery-powered guided vehicles (AGVs) at the CTA has been further expanded.

HHLA implemented its sustainability strategy consistently, including under the specific challenges posed by the coronavirus pandemic, and it is aiming to become climate-neutral by 2040.

A total of six new green electricity charging points now supply the AGV fleet. The proportion of AGVs powered by lithium-ion batteries was also increased to 80 percent this year. By the end of 2022, all 100 vehicles in the fleet should have been switched over to climate-friendly drive systems.

HHLA's fields of activity and its contribution to the 17 United Nations Sustainable Development Goals

In September 2015, the United Nations passed Agenda 2030. This formulated 17 goals for sustainable global development which will shape economic development while taking into account social justice and the earth's environmental limits. Within the framework of its sustainability strategy, HHLA supports all goals that correspond to its social activities. These include in particular quality education (SDG 4), affordable and clean energy (SDG 7), decent work and economic growth (SDG 8), industry, innovation and infrastructure (SDG 9) and climate action (SDG 13).

Climate-friendly logistics chains

7 AFFORDABLE AND CLEAN ENERGY
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
13 CLIMATE ACTION

Area optimisation

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
15 LIFE ON LAND

Climate protection and energy efficiency

7 AFFORDABLE AND CLEAN ENERGY
13 CLIMATE ACTION

Climate and resource protection

6 CLEAN WATER AND SANITATION
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION

Working world

4 QUALITY EDUCATION
5 GENDER EQUALITY
10 REDUCED INEQUALITIES

Health and occupational safety

3 GOOD HEALTH AND WELL-BEING

Social responsibility

4 QUALITY EDUCATION
11 SUSTAINABLE CITIES AND COMMUNITIES

Added value and innovation

8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
17 PARTNERSHIPS FOR THE GOALS

Business partners

8 DECENT WORK AND ECONOMIC GROWTH
16 PEACE, JUSTICE AND STRONG INSTITUTIONS
17 PARTNERSHIPS FOR THE GOALS

For more information about the latest HHLA initiatives and sustainability projects, please visit:

hhla.de/en/company/responsibility/reporting/current

Sustainability strategy

Sustainable business practices are an integral part of HHLA's business model. As one of Europe's leading logistics companies, HHLA links port terminals with hinterland networks to create climate-friendly logistics chains. These links facilitate the environmentally beneficial transportation of significant freight volumes while achieving economic added value for HHLA as a company. By implementing its **Balanced Logistics** sustainability strategy, HHLA is highlighting its commitment to reconciling ecological, social and economic responsibility. Group overview/ business activities

Responsible corporate governance forms the basis for implementing our areas for action. The sustainability strategy is applied to nine fields of activity. In addition to climate-friendly logistics chains, the main focus is on area optimisation, climate protection and energy efficiency – all reflected in the company's targets. HHLA wants to halve its absolute CO_2 emissions by 2030 and achieve climate neutrality by 2040. The base year is 2018.

Compliance, data privacy, respecting human rights, and combating corruption and bribery are seen as the fundamental requirements for sustainable business activities.

Sustainability organisation and dialogue

At Group level, the sustainability team reports directly to the Chairwoman of the Executive Board. Reports on the status of current projects are given at monthly meetings. Persons are appointed to be responsible for the individual topics. These are coordinated across all departments by the sustainability team. Various working groups provide a forum for discussing and approving sustainability issues and measures across the Group, as well as for regularly evaluating and updating the existing stakeholder structure.

HHLA engages in regular dialogue with its stakeholders, including customers (e.g. shipping companies), customers' customers (e.g. forwarders), employees, suppliers, potential and existing shareholders and investors, associations and institutions, research institutes, political decision makers, NGOs, local residents close to the terminals and interested members of the public. The Annual Report is an established medium that supplements this regular dialogue and takes the stakeholder groups' interests into account. Materiality analysis

"Balanced Logistics" sustainability strategy

	Fields of activity	Guidelines
Ecology	Climate-friendly logistics chains	We create climate- and environmentally friendly logistics chains.
	Area optimisation	We use the port and logistics chains as efficiently as possible.
	Climate protection and energy efficiency	We reduce our CO_2 emissions through energy efficiency and innovation.
	Environmental and resource protection	We reduce our environmental impact and conserve natural resources.
Society	Working world	We invest in vocational education and training with tailored staff development programmes.
	Health and occupational safety	We ensure safe and fair working conditions and promote health-conscious behaviour.
	Social commitment	We engage in dialogue with society to discuss and provide information on topics related to port logistics.
Economy	Wertschöpfung and innovation	We make an ongoing and significant contribution to added value and thus raise prosperity at all locations.
	Business partners	We offer tailor-made solutions and work responsibly with our suppliers.
Governance	A company can only achieve sustainable success if it behaves in a responsible and legally compliant manner. Compliance, data privacy, respecting human rights, and combating corruption and bribery are seen as the fundamental requirements for sustainable corporate governance.	

Principles and reporting standards

HHLA's commitment to sustainability is binding, transparent, measurable and comparable. The Sustainability Report documents the ecological, social and economic performance of the company. It also highlights how sustainability contributes to the company's long-term success and which values HHLA creates for its customers, employees, shareholders, business partners and the public.

Sustainable Development Goals

The 17 Sustainable Development Goals (SDGs) adopted by the United Nations are championed by HHLA. The following Sustainable Development Goals correspond most closely to our business activities and contribute towards solving global challenges:

- SDG 4: Quality education
- SDG 7: Affordable and clean energy
- SDG 8: Decent work and economic growth
- SDG 9: Industry, innovation and infrastructure
- SDG 13: Climate action

HHLA's business activities affect the following SDGs to a limited degree:

- SDG 3: Good health and well-being
- SDG 5: Gender equality
- SDG 6: Clean water and sanitation
- SDG 10: Reduced inequalities
- SDG 11: Sustainable cities and communities
- SDG 12: Responsible consumption and production
- SDG 15: Life on land
- SDG 16: Peace, justice and strong institutions
- SDG 17: Partnerships for the goals

Notes on GRI reporting

HHLA applies the Global Reporting Initiative (GRI) standards on sustainability reporting, the most commonly used standards of their kind in the world. In doing so, HHLA also facilities comparison at an international level. This report was prepared in accordance with the "Comprehensive" reporting option.

Defining the content for this report

The Sustainability Report is part of the HHLA Annual Report, whose structure is regulated by the disclosure obligation for public limited companies as defined by the German Commercial Code (HGB). The concept of an integrated report includes annual financial and sustainability reporting. It illustrates the interaction between economic, ecological and social factors and their relevance to the company's long-term success. Our sustainability reporting is based on the fields of activity identified in the "Balanced Logistics" sustainability strategy. Sustainability strategy

In order to determine the material sustainability topics, HHLA once again conducted a materiality analysis in November 2021 in the form of an international online survey for stakeholders. In the course of refining the sustainability strategy, adjustments were made to the fields of activity determined in the survey most recently conducted in 2019. The key issues for sustainability reporting were validated using the results of this survey. Materiality analysis

Data collection and calculation methods

Financial statements and reports

All data and information was collected from the respective units responsible for such information using representative methods for the reporting period. HHLA prepares its consolidated financial statements and Interim Reports in accordance with International Financial Reporting Standards (IFRS). This Annual Report provides further information on IFRS in the notes to the consolidated financial statements. Notes to the consolidated financial statements/no. 2 Consolidation principles

The separate financial statements of HHLA AG are prepared in line with the accounting regulations of the German Commercial Code (HGB). The appropriation of profits is based solely on the separate financial statements. Annual financial statements of HHLA AG

Sustainability performance indicators

Sustainability-relevant key figures are fed into the internal management information system on a monthly basis and analysed. The Executive Board receives a corresponding report. The sustainability performance indicators are calculated every year and published in the Management Report section of the Annual Report, having been signed off by the auditors. This ensures the reliability of the data. Data comparability and consistency is guaranteed by complying with widely used international reporting standards (e.g. the Greenhouse Gas Protocol). Sustainability performance indicators

Risk and opportunity management

Opportunities and risks are analysed using a comprehensive risk management system. Compliance with corporate guidelines as well as with relevant and recognised national and international industry standards is regarded as an essential part of corporate governance at HHLA. Workflows and processes are structured in line with these regulations. External audits at various HHLA companies (including ISO 14001, ISO 9001, ISO 50001, TN-CC 020 and CTQI [Container Terminal Quality Indicator]) confirm compliance with recognised international standards. Risk and opportunity report

Forward-looking statements

Unless otherwise stated, the key figures and information in this report concern the entire Group including associated companies in which the company has a majority holding. Some sections contain forward-looking statements. These estimates and statements were made to the best of our knowledge and in good faith. Future global economic conditions, legislation, market conditions, competitors' activities and other factors are not within the control of HHLA.

External audit

The combined management report of the HHLA Group and HHLA AG, as well as the consolidated financial statements and notes, were audited by PricewaterhouseCoopers (PwC). Auditor's report

The sections of the Sustainability Report which form part of the non-financial report were also audited. Audit opinion

GRI Content Index

The 2021 Annual Report was prepared in accordance with the international guidelines of the Global Reporting Initiative (GRI) according to GRI Standards: "Comprehensive" option. The GRI Content Index refers to parts in this Annual Report or sections of the HHLA website that provide information about individual GRI indicators. The index is available exclusively online at report.hhla.de/gri.

Notes on the non-financial report

Report framework

HHLA reports on the HHLA Group and HHLA AG in the form of a combined separate non-financial report (hereinafter "non-financial report"), the contents of which are embedded in the Sustainability Report. The non-financial report serves to fulfil the statutory requirements arising for HHLA in connection with the Act to Strengthen Companies' Non-Financial Disclosure in their Management Reports and Group Management Reports (known as the CSR Directive Implementation Act for short, hereinafter CSR-RUG).

The following sections are compulsory parts of the non-financial report which are relevant for audit purposes:

- Sustainability strategy
- Sustainability organisation and dialogue
- Principles and reporting standards / information about the non-financial report
- Materiality analysis
- Ecology: climate-friendly logistics chains
- Ecology: area optimisation
- Ecology: climate protection and energy efficiency
- Society: working world / staffing levels
- Society: working world / staff development
- Society: health and occupational safety
- Governance: business ethics and integrity / combating bribery and corruption
- Governance: business ethics and integrity / respecting human rights
- Economy: added value and innovation / increasing efficiency
- Economy: added value and innovation / expanding digitalisation for process optimisation

The non-financial report also fulfils the regulatory requirements resulting from the EU Taxonomy Regulation, which came into force in mid-2020. As a standardised and legally binding classification system, it establishes which economic activities are regarded in the European Union as "environmentally sustainable".

All compulsory sections of the non-financial report are also labelled as "Part of the non-financial report" in the online Annual Report. A summary of all content relevant to the non-financial report is also available as a PDF document from the download centre of the online Annual Report: report.hhla.de/non-financial-report

The reporting period is the 2021 financial year (1 January to 31 December 2021). The data presented generally refers to this period or the facts and figures at the end of the reporting period. If information refers to a different period of time, this is explicitly stated. The report is published once a year. The last Sustainability Report was published on 25 March 2021 as part of the Annual Report. Unless otherwise stated, the key figures and information in this report concern the entire group of consolidated companies.

Application of frameworks

HHLA's non-financial reporting is based on the content requirements of the Global Reporting Initiative (GRI). In the description of the concepts required by the German Commercial Code (HGB), the GRI Standard "GRI 101: Foundation" was taken into account for the materiality analysis. For all relevant parts of the report with double materiality considerations as defined in Section 289c (3) HGB, the GRI Standard "GRI 103: Management approach" applies. These parts of the report are compared in the GRI Content Index. report.hhla.de/gri

Determining the content of the non-financial report

HHLA regularly carries out a materiality analysis to determine the most important sustainability topics. This was conducted by means of a further international online survey of stakeholders in November 2021. The results of this survey were used to determine the key issues for sustainability reporting. It includes all topics identified as material. Materiality analysis

For the purpose of preparing the non-financial report in compliance with CSR-RUG, the material fields of activity identified in accordance with GRI were aligned with the requirements of the German Commercial Code (HGB). The table below reconciles the aspects with the fields of activity which are material for HHLA.

As a port and transport logistics company, HHLA acts as a service provider within the transport chains of its clients. HHLA's own supply chains are limited to procuring capital and consumer goods (e.g. locomotives and port handling equipment), which largely originate from countries within Europe. Purchasing and materials management

Business model in accordance with CSR-RUG

Hamburger Hafen und Logistik AG is a leading European port and transport logistics company. It operates container terminals in the ports of Hamburg, Tallinn (Muuga), Odessa and Trieste. The Intermodal companies of HHLA provide efficient transport systems and have their own terminals in the hinterland of the ports. The Logistics segment comprises an extensive array of port and consultancy services. Group overview/ business activities

Reportable risks in accordance with CSR-RUG

HHLA has a comprehensive risk management system and an internal control system. Risk and opportunity report/risk and opportunity management

Reconciliation of the reportable minimum aspects with the material aspects and issues of relevance to HHLA

Business model	Business Model as per CSR-RUG Group Management Report / Group at a glance / Business activities		
		Fields of activity	**Key topics**
Environmental aspects	Ecology	Climate friendly logistic chains	Operation and expansion of climate friendly logistics chains
		Area optimisation	Efficient use of terminal area
		Climate protection and energy efficiency	Increase of energy efficiency Operational CO_2 neutrality
Employee aspects	Society	Working world	Training and education of employees (personnel development)
		Occupational health and safety	Occupational safety according to international standards for employees
Social aspects		HHLA takes its responsibility in dealing with social aspects that concern business partners, shareholders and the general public very seriously. However, all of the topics relating to these aspects were excluded due to a lack of commercial relevance based on double materiality considerations as defined in Section 289c (3) of the German Commercial Code (HGB).	
Respecting human rights	Governance	Business Ethics and Integrity	Respecting human rights
Combating bribery and corruption			Combating corruption and bribery
Further aspects		Strategy and management	Integrate governance, environmental and social factors into corporate strategy Management report / Corporate strategy Integrate governance, environmental and social factors into risk management Management report / Management of risks and opportunities
	Economy	Added value and innovation	Enhancement of efficiency Expansion of digitalisation for process optimisation
		Development of shareholder value	Growth and profitability Management report / Earnings position

Against the backdrop of the escalated Russia-Ukraine conflict, non-financial risks could potentially arise that could not yet be conclusively assessed at the time of reporting. Risk and opportunity report/risks and opportunities

After applying the net method to identify reportable risks in accordance with CSR-RUG, HHLA is not aware of any reportable non-financial risks that are highly likely to have serious negative consequences for the reportable aspects now or in the future.

Connections with the figures stated in the annual and consolidated financial statements

No material connections with the amounts stated in the annual and consolidated financial statements required for comprehension were identified.

External audit of the non-financial report

This non-financial report was the subject of a limited assurance engagement according to ISAE 3000 (Revised) by the independent auditing firm PricewaterhouseCoopers (PwC), which issued an unqualified opinion. Auditor's report

References

References to details not contained in the combined management report serve to provide further information and do not form part of the non-financial report.

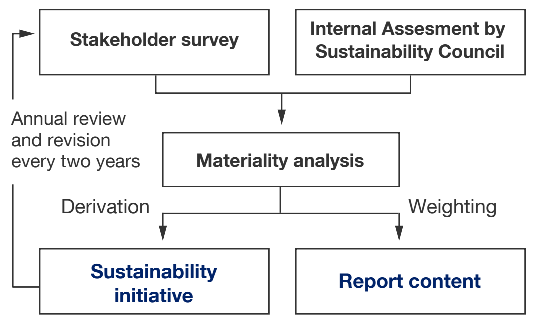
Materiality analysis

The nature of HHLA's business means it has a large number of stakeholders with different expectations and demands. In order to obtain an up-to-date overview of these expectations and demands, HHLA once again conducted a materiality analysis in November 2021, in which the sustainability topics of potential relevance to its internal and external stakeholders were examined. The collection and evaluation of the data was based on the Global Reporting Initiative (GRI 101: Foundation 2016) guidelines.

The stakeholder survey process

The main stakeholders for HHLA were first identified by the specialist departments. This was initially based on internal sources, such as a list of key customers. The main stakeholders identified were customers (e.g. shipping companies), customers' customers (e.g. forwarders), employees, suppliers, potential and existing shareholders, ESG rating agencies, associations and institutions, research institutes, political decision makers, NGOs, and local residents close to the terminals.

The materiality analysis process



In a second step, a list of topics known to be relevant to both internal and external stakeholders was drawn up and structured in accordance with the central fields of activity of HHLA's sustainability strategy. Sustainability strategy

A four-week online survey using a standard questionnaire was then carried out internationally. External stakeholders from all of the groups identified, as well as managers from a number of different divisions, took part in the survey.

In total, approximately 60 people rated topics of potential relevance to HHLA, particularly customers, business partners, suppliers, investors and HHLA staff. Stakeholders also had the chance to rate the importance of topics, as well as add to them or make comments on them.

This digital survey was combined with qualitative interviews with experts. A total of 15 representatives from the fields of customers, investors, ESG ratings, NGOs and associations took part in the 60-minute interviews. All participants were asked about HHLA's fields of activity.

The results of the stakeholder survey were analysed internally and presented to the Executive Board. They were also used to refine HHLA's sustainability strategy under the Balanced Logistics heading and to define the fields of activity.

Results of the stakeholder survey

The results of the most recent stakeholder survey largely correspond with the results of the previous stakeholder surveys. The topics of “Active diversity management” and “Minimising noise pollution” were categorised as material to a certain extent. None of the potentially relevant topics covered were rated as immaterial or hardly material. The results are displayed in the following table.

Results of the materiality analysis

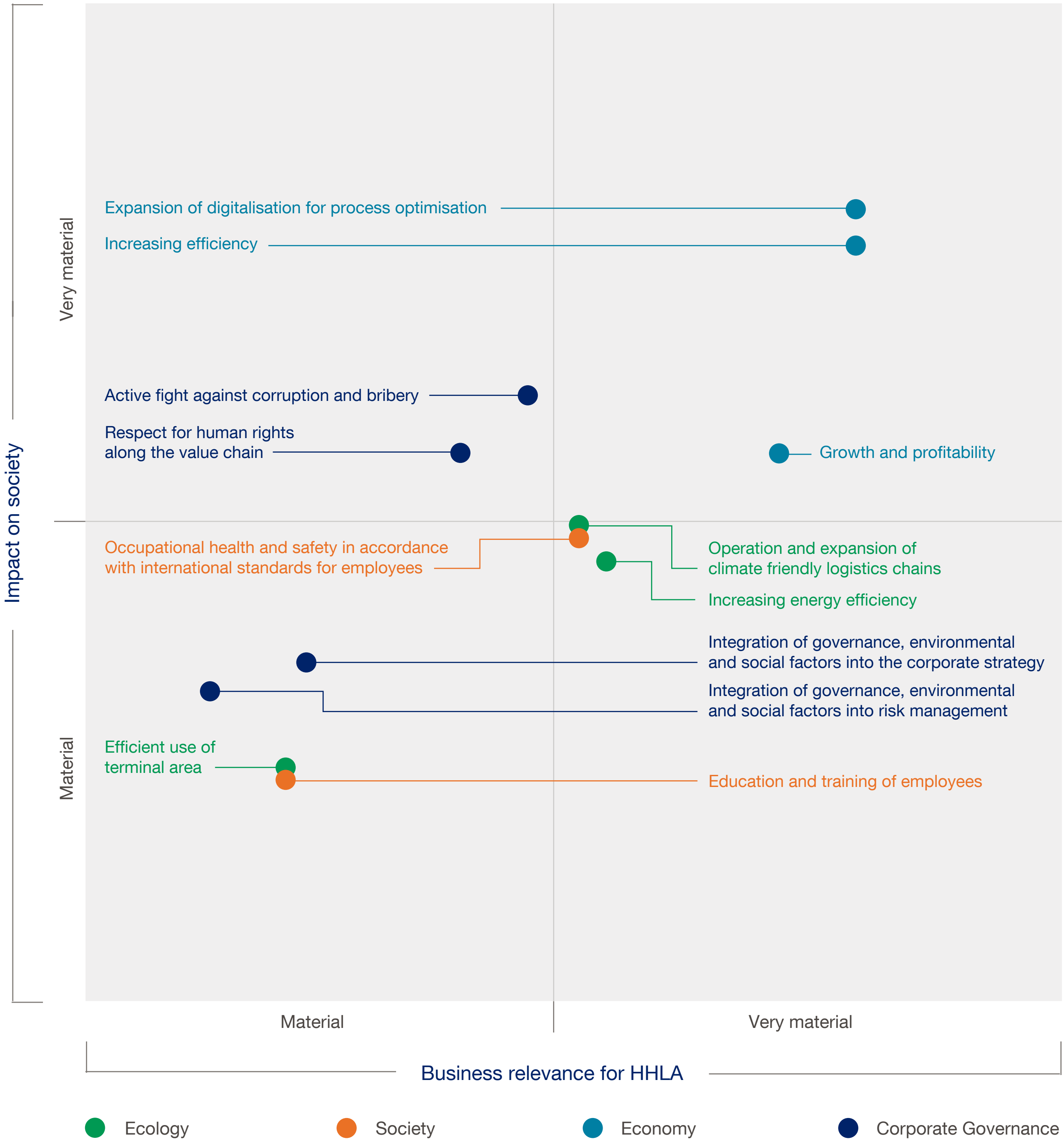
The HHLA topics categorised as material or very material in the stakeholder survey were analysed internally by a specialist committee both with regard to HHLA’s economic, environmental and social impact on the respective topic and with regard to the topic’s relevance for the success of the company. As such, the materiality analysis fulfils the reporting requirements of both the Global Reporting Initiative (GRI) and the German CSR Directive Implementation Act (CSR-RUG). Information about the non-financial report/determining the content of the non-financial report

Results of the stakeholder survey

		Relevance for the stakeholders asked	
	Fields of activity	**Material**	**Very material**
Ecology	Climate-friendly logistics chains	Product range for CO_2-neutral container transport	Operation and expansion of climate friendly logistics chains
	Land conservation	Efficient use of terminal area	
	Climate protection and energy efficiency	Operational CO_2 neutrality Use of renewable energy	Increase of energy efficiency Promotion or development and use of renewable energy from own energy sources
	Environmental and resource protection	Reduction of resource consumption Promotion of the circular economy Conservation and promotion of biodiversity Reduction of light emissions	
Society	Health and safety	Health promotion of employees	Occupational safety according to international standards for employees
	Working environment	Attractiveness as an employer Securing jobs Education and training of employees	
	Corporate citizenship	Active stakeholder dialogue Social or social engagement	
Economy	Added value and innovation	Expansion of digitisation to create new business activities Development of new business activities along the logistics chain Promotion and development of infrastructure and/or production capacities for alternative energy sources	Expansion of digitisation for process optimization Enhancement of efficiency
	Business partners	Supply chain transparency Purchasing policies related to environmental, social and governance	Strengthen customer relationships
	Development of shareholder value	Stable dividend payout Capital market positioning as a sustainable investment	Growth and profitability
Governance	Strategy and management	Integrate governance, environmental and social factors into corporate strategy Integrate governance, environmental and social factors into risk management	
	Business Ethics and Integrity	Promotion of international initiatives	Compliance Actively combating corruption and bribery Respect for human rights Privacy and security

Materiality matrix

Material topics for HHLA in line with the double materiality clause set out in Section 289c (3) HGB.



Ecology

Climate friendly logistic chains

Accounting for around one-fifth of all carbon emissions in the European Union (EU), the transport sector is a major emitter of CO_2 emitter. Transport volumes have risen significantly over recent decades and further growth is forecast. This is often associated with higher carbon emissions as fossil fuels continue to be the main energy source for transport by truck and ship. Of these emissions, a comparatively low 2.9 % is attributable to seaborne transport, which accounts for over 90 % of the global trade in goods. As a result of their enormous capacity of up to 24,000 standard containers, container mega-ships offer the best carbon footprint per tonne of goods transported. Rail transport is considered the most environmentally advantageous mode of transport on land as it is highly energy efficient and can be made carbon neutral.

HHLA's **business model of linking two environmentally advantageous modes of transport, ships and trains, to create climate-friendly logistics chains** is its most important contribution towards sustainability and climate and environmental protection. This is also underlined by the EU Taxonomy Regulation, in force since 2021, which classifies HHLA's primary activities as taxonomy-eligible. HHLA and METRANS link the Northern European and Adriatic ports with Central and Eastern Europe via a highly efficient intermodal network. The linkage of ocean-going vessels with feeders, inland waterway ships, barges and rail requires nothing less than the organisation of ideal multimodal transport chains. These transport chains save energy and infrastructure while causing comparatively little noise and fewer accidents. Hamburg's location deep inland is a further advantage, as the river Elbe is an environmentally friendly transport route.

HHLA also integrates other stakeholders into its creation of climate-friendly logistics chains. As the central, neutral and industry-wide coordination point for mega-ship, feeder and inland waterway vessel traffic in the Port of Hamburg, the **Hamburg Vessel Coordination Center (HVCC)** offers terminals and shipping companies operational coordination services to optimise the emissions of arriving and departing ships.

With its **HHLA Pure** product, HHLA offers its customers certified, climate-neutral container transport and container handling for all Hamburg container terminals and most routes in the METRANS network.

Area optimisation

The use of land for transport, industry and housing has one of the biggest environmental impacts, as land is a valuable, but limited, resource. The efficient use of port and logistics areas through high land **usage** productivity and increased storage capacity on existing space are therefore measures that HHLA uses to reduce the use of land for transport, industry and building developments. When investing in the demand-oriented expansion of its port terminals, HHLA is guided by its commitment to using scarce port and logistics areas as efficiently as possible. With regard to the efficient use of port areas, HHLA focuses on expanding storage capacity and boosting its quayside handling capacity.

At HHLA's Container Terminal Burchardkai (CTB), for example, **storage capacity is being increased** by the space-conserving expansion of the yard crane system. By condensing the container storage areas, the storage capacity of the existing space can be significantly increased in line with demand.

As well as increasing storage capacity by more concentrated storage, thus optimising land usage**, the expansion of quayside handling capacity** is an important element for the efficient use of space at the terminals. HHLA has significantly increased its quayside efficiency by means of an extensive expansion programme, including the use of state-of-the-art tandem container gantry cranes which can move up to four 20-foot containers simultaneously. Enhancing quay-wall productivity in this way without using additional space enables the company to handle a larger number of containers.

In addition to space-saving yard crane systems and efficient handling equipment, effective **processes** also make a key contribution towards increasing the efficiency of the existing areas. This combination of increased storage capacity with efficient equipment and processes makes it possible to cope with peak workloads in the existing areas.

For its network between the seaports and the Eastern European and South-Eastern European inland terminals, HHLA subsidiary METRANS uses wagons specially designed for maritime logistics. These 80-foot wagons offer the ideal combination of wagon/train length and **carrying capacity.** As a result, a block train operating a shuttle service can transport as many as 100 standard containers – more than would be possible with comparable wagons. This high carrying capacity per train makes optimum use of the existing infrastructure at the seaport, inland terminals and railway sidings.

Climate protection and energy efficiency

In order to effectively mitigate climate change, HHLA focuses on lowering its absolute CO_2 emissions. By steadily increasing its energy efficiency and the proportion of renewables in its energy mix, HHLA aims to decouple handling and transport volumes on the one hand and CO_2 emissions on the other. HHLA has reported on its carbon footprint regularly since 2008 as part of the CDP (formerly the Carbon Disclosure Project). CDP is a non-profit initiative that manages one of the world's largest databases of corporate greenhouse gas emissions on behalf of institutional investors and makes this information available to the public. In the reporting period, CDP gave HHLA a B score. Of the 13,126 participating companies worldwide, only 5.5 % obtained a better score (A or A-).

HHLA **calculates its CO_2 emissions** on the basis of the Greenhouse Gas Protocol Corporate Standard (Revised Edition), an international standard for recording greenhouse gas emissions. Within the HHLA Group, greenhouse gas emissions mainly relate to CO_2. Carbon emissions are primarily influenced by throughput volumes at the port and inland terminals, rail transport volumes and the proportion of electricity from renewable sources. In line with the Greenhouse Gas Protocol, electricity procured separately from renewable sources was classified as carbon neutral in the calculation of specific emissions. For the calculation of absolute emissions, the CO_2 emissions, which are lower due to the use of electricity from renewable sources, are shown separately. The power needed by a port terminal depends largely on the number of seaborne containers it handles and the number of containers transported over land by rail and truck. HHLA uses seaborne and onshore throughput in containers as an effective indicator to determine specific CO_2 emissions in line with the recommendations of the European Economics Environment Group (EEEG). The recommendations of the EEEG are also taken into account in the Global Logistics Emission Council (GLEC) Framework 2.0.

The outstanding importance of reduced absolute CO_2 emissions is expressed by HHLA's **climate protection target**: to reduce absolute CO_2 emissions by at least 50 % by 2030 and **to become fully climate neutral by 2040**. The base year is 2018. In a comparison between the base year and the reporting year, absolute CO_2emissions decreased by 27.0 % to 124,418 tonnes (2018: 170,346 tonnes).

Including the use of electricity from renewable sources, which led to a 71,522-tonne reduction in CO_2 emissions, **absolute CO_2 emissions** decreased by 19.7 % to 124,418 tonnes (previous year: 154,954 tonnes). The development of CO_2 emissions during the reporting year was mainly influenced by the significant increase in the proportion of renewables. While 86.2 gigawatt-hours (GWh) of electricity was procured from renewable energy sources in 2020, this figure rose to 205.4 GWh in the reporting period. This rise was mainly due to electric trains in Germany switching to electricity from renewable sources. Consequently, the proportion of renewables in HHLA's total power consumption increased to 60.0 % in the reporting period (previous year: 27.9 %). Traction-related CO_2 emissions due to the use of electric locomotives decreased by 41.6 % to 38,581 tonnes during the reporting year.

Electricity from renewables was also used in the following areas in the reporting period:

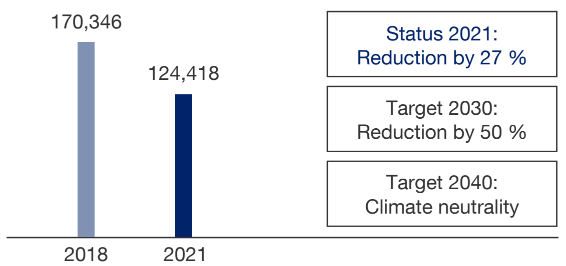
- **For all office buildings and workshops in Hamburg** occupied by HHLA, the Container Terminal Altenwerder (CTA), the all-electric yard crane system at the Container Terminal Burchardkai (CTB) and for the rail gantry cranes at the Container Terminal Burchardkai (CTB) and the Container Terminal Tollerort (CTT). In the reporting period, additional quantities of renewable energies were procured largely to compensate for CO_2 emissions from the operation of a high-efficiency CHP unit.
- Among the **holdings abroad,** the HHLA terminal TK Estonia in Tallinn has been using power from renewable sources since the middle of the reporting year.

Despite an increase in throughput at the four purely container-based terminals operated by HHLA, CO_2 emissions continued to decrease. At 53,583 tonnes, CO_2 emissions fell year-on-year by 4.7 % in the reporting period (previous year: 54,548 tonnes). Activities organised and carried out at HHLA terminals by third parties that resulted in CO_2 emissions are not included in the statistics.

A three-year average showing annual trends in specific CO_2 emissions forms part of the targets agreed with the Executive Board. This is taken into account when determining Executive Board remuneration. Achieving the agreed target range triggers the payment of a corresponding bonus. Corporate governance declaration/remuneration report

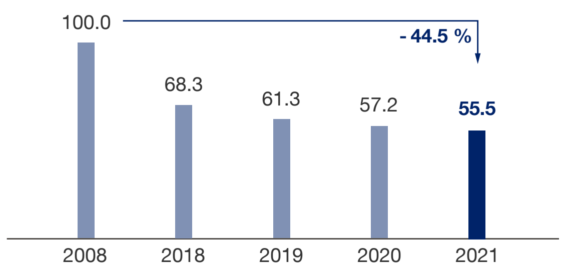
Absolute CO_2 emissions

in tonnes



Trends in specific CO_2 emissions

Specific CO_2 emissions compared with 2008 in %

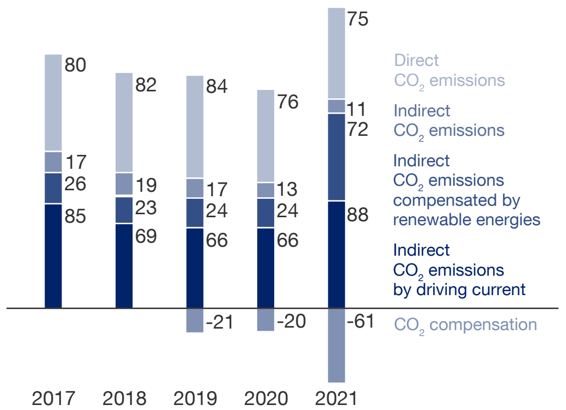


Certified climate neutrality

The HHLA Container Terminal Altenwerder (CTA) in Hamburg is the world's first container handling facility to be certified climate-neutral. It is largely electrified, using power from renewable energy sources. Terminal processes that still produce CO_2 emissions are being gradually electrified or the transition to electricity is being field-tested. During the reporting year, the CO_2 emissions of CTA were calculated by TÜV Nord in accordance with DIN ISO 14064-3:2000 and its climate-neutral status certified with the TN-CC-020 standard. All unavoidable CO_2 emissions resulting from container throughput (including Scope 3), amounting to 16,073 tonnes (previous year: 19,619 tonnes), were offset via Gold Standard projects.

Direct and indirect CO_2 emissions

in thousand tonnes



CO_2 emissions for transporting a standard container to/from Hamburg, Bremerhaven and Koper within the METRANS network, as verified by the independent certification body TÜV Nord, form the basis for the climate-neutral product HHLA Pure. HHLA Pure stands for climate-neutral container transport and handling. During the reporting year, a total of 911,975 standard containers (TEU) were transported with HHLA Pure. The resulting 45,118 tonnes of verified CO_2 emissions were offset via Gold Standard climate protection projects.

Measures to reduce CO_2 emissions

An extensive **programme to boost energy efficiency** and thus lower CO_2 emissions within individual HHLA companies was continued during the reporting year with a variety of measures. These include retrofitting more energy-efficient technologies, such as the ongoing transition to LED lighting, shortening journeys via improved yard planning, increasing the quota of containers handled in tandem and raising the proportion of journeys in which two containers are transported simultaneously.

Direct and indirect energy consumption and supply

	2017	2018	2019	2020	**2021**
Diesel, petrol and heating oil in million liter	27.4	28.4	28.0	24.1	24.1
Natural gas in million m^3	3.6	4.4	8.0	9.1	7.5
Electricity[1] in million kWh	135.6	135.9	123.2	117.0	133.7
thereof from renewable energies in million kWh	82.8	78.9	78.7	86.2	97.4
Traction current in million kWh	157.5	181.4	185.0	191.9	208.7
thereof from renewable energies in million kWh				6.6	115.7
District heating in million kWh	3.6	3.7	3.6	3.1	4.0
District heating supply[2] in kWh	–	10.9	33.3	32.8	25.5

Consumption of natural gas, traction current and district heating in 2021 is based on preliminary and estimated figures.

1 Electricity without traction current

2 Generated by a highly efficient combinded heat and power generation plant (CHP) based on preliminary figures

The HHLA climate protection goal can be achieved by **increasing the proportion of renewables in the Group's energy mix**. For substantial CO_2 reductions, HHLA is aiming to electrify more of its equipment and machinery at the terminals, thus substituting fossil fuels for renewables. Such equipment and machinery produces fewer emissions and less noise and is also easier to service.

In order to achieve its climate change mitigation target, HHLA focuses on **energy-efficient equipment, facilities, machinery and processes**. These advanced technologies not only lower emissions locally but also offer economic benefits, which are becoming increasingly important as energy prices rise. Several projects in this area were successfully implemented during the reporting period:

- The number of all-electric **cars** in operational use grew to 96 in the reporting period (previous year: 93).
- 18 new hybrid straddle carriers and ten locally emission-free automated guided vehicles (AGVs) were put into operation in 2021 as we continued the expansion of our fleet of particularly energy-efficient and low-pollution **heavy equipment**. These hybrid straddle carriers have a much smaller and more efficient combustion engine, combined with a large battery. In real-life terminal operations, the new hybrid straddle carriers achieve diesel savings of around 30 %.
- At CTA, our first all-electric **tractor unit** was added to the fleet. This is used to transport containers from the container rail terminal to the yard crane system without any local emissions. This means it is now possible, for the first time, to transport a container from the quayside to the container rail terminal using purely electric equipment.

- Two electrified **storage blocks**, with three stacking cranes each, were put into operation at CTB during the reporting period. This enables containers to be stored and retrieved efficiently, with low emissions and requiring little space.
- METRANS continued to expand its fleet with the addition of a further seven **multi-system locomotives** into operation, METRANS continued to expand its fleet. These multi-system locomotives can be used for cross-border freight traffic in various European countries.
- In addition, the **computer-aided optimisation of container storage positions** minimises the distance travelled by transport equipment, thereby reducing energy consumption and noise pollution. The use of retreaded tyres for various container handling equipment and the on-site cleaning and reuse of used oils also improve the utilisation of resources.

The existing **energy management system**, certified according to DIN ISO 50001:2018 and covering all HHLA companies with measurable energy consumption in Germany, was successfully recertified during the reporting period.

Hydrogen as a fuel source

HHLA is also continually searching for new options to help the company reach its goal of becoming climate-neutral by 2040. As a fuel source, hydrogen can play a key role in a company's decarbonisation efforts. HHLA therefore plays an active role in the recently established **H2Global Foundation** and is one of 240 partners from science and industry involved in the TransHyDE project.

In contrast to grey hydrogen, green hydrogen is rarely used where it is produced. **TransHyDE** is addressing this challenge by developing an overarching concept for the import, distribution and use of hydrogen. Together with its partners, HHLA is analysing the various transportation and storage options for hydrogen in high-pressure containers and via LOHCs (liquid organic hydrogen carriers).

Environmental and resource protection

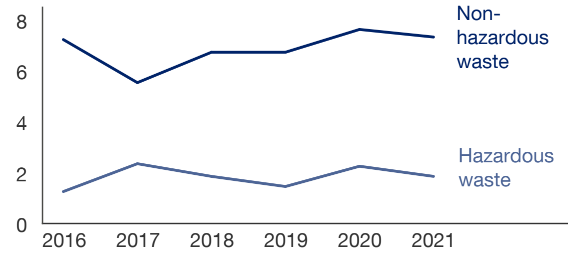
Waste

HHLA's efforts to conserve resources is demonstrated by its waste management system and the use of recycled building materials for the maintenance of its terminal areas. With regard to waste management, HHLA reduces refuse and separates rubbish for recycling wherever possible so that reusable waste can be fed back into the resource cycle. Due to the fluctuation in throughput volumes at the various HHLA terminals, the quantities of each waste type can vary widely from one year to the next.

The **total amount of waste** produced at the German sites decreased significantly by 26.1 % to 7,350 tonnes in the reporting period (previous year: 9,940 tonnes). This decrease is almost exclusively due to significantly lower quantities of fruit waste.

Developments in the volume of waste

in thousand tonnes



Non-hazardous waste

Fruit waste, which accounts for the largest share of waste at around 26 %, decreased by 51 % to 1,929 tonnes in the 2021 financial year (previous year: 3,975 tonnes), bringing it even below 2019 levels. This type of waste includes fruit – such as bananas or pineapple – no longer suitable for consumption or processing. HHLA has no influence on the amount of such waste, as the fruit is already unfit for sale when it arrives in Hamburg and has to be disposed of. Most of this waste, 1,451 tonnes (previous year: 2,441 tonnes), was used by an external biogas plant in order to generate electricity. 278,377 kWh of electricity were produced without CO_2 in this way in the reporting period.

The **mixed metals** waste category was the second-largest by volume during the reporting period, with a slight rise of 0.8 % to 954 tonnes (previous year: 946 tonnes). This type of waste includes items such as steel cables from container gantry cranes or yard cranes that are no longer fit for use. This type of waste is fully recycled.

The volume of **commercial waste** for pretreatment and mixed packaging increased slightly by 6 % to 601 tonnes in 2021. This made it the third-largest waste category. **Packaging** made from paper, cardboard and mixed paper decreased by 21.3 % compared to 2020 levels to 516 tonnes (previous year: 655 tonnes), making it the fifth-largest type of non-hazardous waste. Residual waste, which is collected by the public refuse collection services, accounted for 252 tonnes – a slight rise of 2.8 % – and represented the seventh-largest category of non-hazardous waste.

Hazardous waste

The largest waste type by volume classified as hazardous was **sludge from oil/water separators**. This figure increased by 9.5 % to 559 tonnes (previous year: 510 tonnes). This type of waste primarily results from the cleaning of straddle carriers and other large equipment with pressure washers and is the fourth-largest waste category overall. The other emulsions waste category resulting, for example, from removing oil spills, increased by 24.3 % to 515 tonnes (previous year: 414 tonnes).

Recycling

After energy – and excluding investments in equipment and machinery – **construction materials** are the second-largest direct material input at HHLA. Recycled building materials are also used to maintain existing terminal areas and to prepare other areas for different purposes. The volume of recycled building materials used at the Hamburg container terminals decreased year-on-year by 41 % to 21,646 tonnes (previous year: 36,695 tonnes). This decline was due to reduced resurfacing requirements during the reporting period. Slag from waste incineration plants that was bonded with cement accounted for the largest share of recycled building materials used at 54.2 % or 11,740 tonnes (previous year: 4,440 tonnes). This material was used for the expansion of the yard crane system at Container Terminal Burchardkai (CTB).

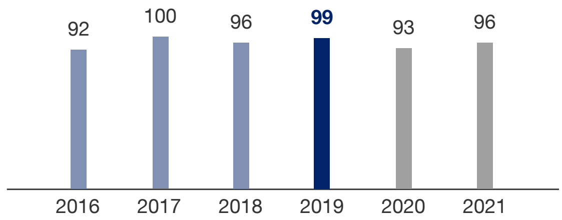
At 31.0 % (6,720 tonnes), the use of asphalt recycling accounted for the second-largest proportion. Of this total, 1,820 tonnes was used for the sustainable resurfacing of Container Terminal Altenwerder (CTA) and 1,236 tonnes for the surfacing of the new storage crane blocks at CTB. With a share of 11.6 % and a material input of 2,510 tonnes, slag from waste incineration plants was also used to construct the storage crane blocks at CTB. A total of 676 tonnes of electric furnace slag was used for the renovation of the block storage area at CTA. The use of recycled building materials minimises the consumption of resources and reduces greenhouse gas emissions.

Water consumption

The use of fresh water by the HHLA Group is mainly restricted to the cleaning of large-scale equipment and containers, as well as for employee hygiene and canteen operations. HHLA's operations in Austria, the Czech Republic, Estonia, Germany, Italy, Poland, Slovakia, Slovenia, Ukraine and Hungary consumed 95,791 m^3 of water in 2021 (previous year: 92,727 m^3, excluding Italy, Slovenia and Hungary). This consumption, which is low in comparison to pre-pandemic levels, was due to fewer staff being in the office at most sites, as many were still working from home in 2021. HHLA's facilities draw water from the public supply network.

Water consumption

in dam^3



HHLA locations: Austria, Czech Republic, Estonia, Germany, Italy, Poland, Slovakia, Slovenia, Ukraine and Hungary

Society

Working world

Strategic HR management

Organisation and control

HR management is established as a central division at Executive Board level. This organisational structure ensures that strategic HR guidelines can also be implemented throughout the Group. The performance of both specialist staff and managers is systematically enhanced and developed and continuously overseen by the HR management team. The same applies to all organisational development measures.

HR strategy

The HHLA's HR strategy comprises five action fields: "Employer of Choice", "Develop Further", "Work Together", "Resource Management" and "Co-Determination". The strategic HR objectives include, for example, developing new **recruitment strategies** and **enhancing HHLA** as an employer brand. Moreover, existing resources in the field of HR are to be aligned more effectively in future with the aid of innovative technologies, methods and concepts, and the range of services offered is to be continuously expanded. **Participation-oriented co-determination processes** are also to be further refined in cooperation with the co-determination partners, managers and employees, in order to shape the future-proof conditions for HHLA's entrepreneurial success.

In addition to cultivating existing potential and creating an effective learning culture within the company, staff development also plays a key role in developing the organisation and corporate culture. Another major component of strategic planning is therefore the targeted **promotion of digital networking** and cooperation between all those involved within the Group. In this way, staff are encouraged to exchange knowledge, thus helping to drive the long-term development of corporate culture.

Diversity management

Diversity management has been an integral part of strategic HR management for many years now. HHLA believes that a **balanced mix of cultures, genders and age groups** forms the foundation for commercial success. The company strives to achieve such diversity in all of its companies. This applies in particular to temporary cross-company working and project groups.

Since 2013, HHLA has been employing a self-developed **selection process** (assessment centre) in Germany that considers not only the applicant's personal and professional suitability but also diversity aspects. Members of the company's staff selection panels receive special training. In addition, the selection panel must include at least one woman for all selection processes in which the pool of applicants includes women.

As a pilot company, HHLA is participating in the **Innoklusio project** funded by the German Federal Ministry of Labour and Social Affairs. The aim of the three-year programme, launched in the reporting period, is to improve the inclusion of people with disabilities in the labour market. Among other things, an information fair is to be held at an HHLA site towards the end of the project. The event will enable employees and senior executives to find out what modern, inclusive strategies can look like.

Securing jobs

The **CTX project** is one of the main elements of the transformation process launched in the Container segment in 2021 as part of an efficiency programme. A provision of € 43 million was formed for the project in 2020 in order to implement socially responsible personnel measures. The planned measures include early retirement, phased early retirement, extensive training opportunities and more flexible staff exchanges.

Furthermore, discussions have been held with the trade union ver.di regarding an **HHLA** , to create a modern approach to co-determination. The aim is to achieve a viable solution that promotes fast adaptability, openness to new technologies and the creation of future-proof jobs.

Headcount

HHLA had a total of 6,444 employees at the end of 2021. Compared with the previous year's total, the number of employees increased by 132, or 2.1 %. In addition, HHLA used the services of an annual average of 624 employees of Gesamthafenbetriebs-Gesellschaft (previous year: 549). Further details on headcount development can be found in the management report. Employees

The three-year average headcount trend is one of the targets agreed with the Executive Board and is taken into account when determining Executive Board remuneration. Achieving the agreed target range triggers the payment of a corresponding bonus. Corporate governance declaration/remuneration report

Personnel development

HHLA invested a total of € 5.0 million in educating and training staff at its locations in Hamburg in 2021 (previous year: € 5.3 million). Further details on employee development and structure can be found in the management report. Employees

The three-year average of the annual trend in expenditure for initial training, in-company training and continuing professional development in relation to headcount is one of the targets agreed with the Executive Board and is taken into account when determining Executive Board remuneration. Achieving the agreed target range triggers the payment of a corresponding bonus. Corporate governance declaration/remuneration report

Continuing professional development (CPD)

The learning and development opportunities at HHLA increasingly focused on "future skills" in 2021 and were supplemented with new formats. With the definition of **future skills**, one major focus area of the CPD courses provided are the interdisciplinary skills which are crucial for HHLA's long-term success.

In total, over 642 **events** lasting one or more days were held in the reporting period. These included more than 490 internal vocational courses conducted by HHLA's own trainers over 2,322 training days. In addition, 152 events lasting one or more days with over 1,654 participant days were organised as part of the company's cross-segment seminar programme. Of the participants, 39 % were women.

HR development strategy is an integral part of HHLA's corporate strategy and aims to make lifelong learning and knowledge transfer a major pillar of the strategic transformation process. In line with current and future requirements, **training measures for specialist staff and managers** that have already been successfully implemented will be continued, further measures developed and the scope of these measures increased within the Group. Those with potential and expertise will be given specific support and tailored measures for individual areas will be developed in consultation with management.

HHLA learning platform

In order to create a basis for training measures that are aligned with corporate strategy and economically measurable, a digital learning platform was selected in 2020 and preparations were made for its implementation during the reporting period. After its launch, the software will enable the efficient, target group-specific provision of training content and link all Group companies to a strategic and Group-wide HR development system. For the interim period, a SharePoint page was developed internally which can provide a range of information and services throughout the Group. Existing methods were also used to establish a comprehensive controlling system.

Microsoft 365

With the introduction of Microsoft 365 as a communication and collaboration tool at HHLA, HR development is promoting the evolution of a shared understanding of the potential digital cooperation made possible by this tool, as well as setting up a company-wide training strategy.

Programmes for young talents

Since late 2021, two new development programmes have been helping young talents to grow into their leadership roles and to learn together by sharing their experiences with colleagues. Despite the restrictions imposed by the pandemic, the first International Leadership Program was launched at HHLA with ten young talents from six international HHLA subsidiaries.

Another two-year talent programme was also piloted in Hamburg for staff from all sites and will be implemented throughout the Group in the next few years.

Fit4Future Pilots for NAVIS N4

The launch of the terminal operating software NAVIS N4 at all HHLA terminals in Hamburg was accompanied by various training measures.

After a break due to coronavirus restrictions, the Fit4Future Pilots project supported by the German Federal Employment Agency on the basis of the Skills Development Opportunities Act came to an end in November 2021. In four one-week modules, 54 employees at all four terminals were trained as multipliers in fundamental topics relating to change management. After completing the course, participants can advise and support their colleagues on site with regard to process changes resulting from the digital transformation.

In order to optimise the specialist skills of software users, more than 15 trainers were taught how to conduct remote and in-person training sessions in a wide-ranging “train the trainer” course.

Lernen2Go and Führung2Go

Starting this year, the new “Lernen2Go” learning format is offering interested employees the opportunity to learn about a topic in one-hour live lectures online and to opt for more in-depth training afterwards. These monthly events cover topics such as “Strengthening resilience,” “Teamwork and trust” and “The magic of change” and primarily strengthen those skills that are becoming increasingly important in the modern working world. The format has been very well received and will be continued in 2022. Between 170 and 330 employees took part in each of the six events held so far. A similar format tailored to management staff has also been set up and tested; this will also be continued in 2022.

Vocational training and studying

HHLA offers a range of apprenticeships and dual study courses based on HR planning at the companies in Hamburg and on the changing **requirements of the working world caused by digitalisation and automation**. In addition to the technical and industrial occupations offered by **vocational training**, commercial apprenticeships were also resumed with the hiring of two forwarding agents and a wholesale and foreign trade merchant. With the new IT apprenticeship in digitalisation management, and the “Technical IT” and “Marketing & Digital Media” dual study courses, three new courses have been established in the Group, with degrees in business as well as technical and IT fields offered by the **dual study courses**. In 2021, dual study course students were once again able to improve their intercultural skills with semesters spent abroad or by working on projects at our foreign subsidiaries.

Existing partnerships with vocational colleges, specialised grammar schools and secondary schools were used again in 2021 to recruit suitable candidates for the so-called **STEM professions** (science, technology, engineering and mathematics). To further increase the proportion of female apprentices in STEM professions, technical internships were offered in particular to schoolgirls. The careers were presented at training fairs and careers events held at schools by a project team of apprentices and dual study course students. Since many on-site visits were not possible due to restrictions resulting from the coronavirus pandemic, numerous events were held digitally. A total of 19 fairs and careers events were held in the Hamburg Metropolitan Region in 2021.

Training is enhanced by supplementary offerings to prepare for future demands within HHLA’s operating environment. Apprentices and dual study course students take responsibility in various projects, enabling them to expand their project and digital skills. In cross-functional teams, they help design the company’s employer branding and social media presence of the careers website for their own target group.

With a letter of interest, the HHLA Executive Board underlined the seriousness of the partnership between HHLA and the Evangelische Stiftung Alsterdorf (ESA). Apprentices and dual study course students are engaged in various projects and actively contribute to the ESA's work. Support is given to both youth work and leisure projects as well as education. The apprentices and dual study course students can use their company time for this and some of them also help out in their free time.

Contracts, remuneration and additional benefits

Collective bargaining agreements

Collective bargaining agreements govern pay and working conditions for 84.5 % of employees in **Germany** (previous year: 86.4 %). The proportion of employment contracts of indefinite duration (excluding apprenticeship contracts) was 96.5 % (previous year: 96.4 %).

In June, the parties to the collective bargaining agreement – the Association of German Seaport Operators (Zentralverband der deutschen Seehafenbetriebe e.V., or ZDS) and the trade union ver.di – agreed wage table increases of 3.0 % from 1 June 2021 with a twelve-month term for port workers at companies that operate at German seaports. Similar deals have been reached for further wage agreements of the HHLA Group in Germany.

Collective bargaining agreements govern pay and working conditions for 28.4 % (previous year: 26.3 %) of employees in the **foreign subsidiaries**. 91.7 % of all employment contracts are of indefinite duration (previous year: 92.6 %).

Appraisal and remuneration systems

The appraisal systems at the German companies contain both bottom-up and top-down components. Some of them are laid out in collective bargaining agreements, comprise variable remuneration components and are linked with training requirements for the company and staff.

The **management assessment system** at HHLA was realigned in 2020, transferred to a performance management system and applied for the first time during the reporting period. In addition to the existing variable remuneration components, such as ROCE (return on capital employed) and EBIT, department- and company-specific parameters were adopted as new target categories. The assessment of the individual performance of executives was also expanded to include newly defined leadership principles.

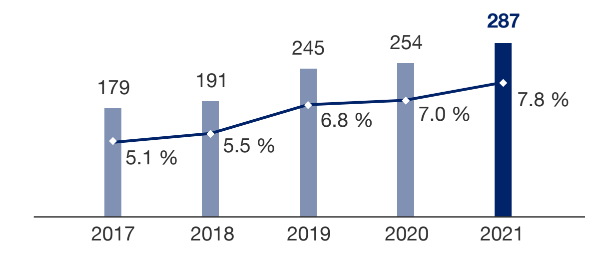
The aim of the realignment of the **variable remuneration system** is to promote cross-functional cooperation alongside increased networking and interdepartmental process orientation in order to provide long-term support for the cultural shift at HHLA.

Flexible working models

A growing number of people across all employee groups and hierarchy levels in Germany are taking up the option of working part-time to tailor their working hours to different life stages. Offering **part-time work** is therefore an important way of retaining staff at the company. Allowing staff to adapt their working hours helps them to reconcile their professional and family commitments, look after close relatives or do charity work.

HHLA employees working part-time in Germany

as of 31.12, part-time share in %



In 2021, a total of 287 employees took up the option of working part-time (previous year: 254). At the end of 2021, the **ratio of part-time workers** at HHLA in Germany increased to 7.8 % (31 December 2020: 7.0 %). The percentage of men in part-time employment rose to 38.0 % (previous year: 35.8 %). At the holding company, where most roles are clerical, the ratio of part-time workers (excluding apprentices) was 18.0 % (previous year: 17.8 %). At HHLA's foreign subsidiaries, the ratio of part-time work was 0.7 % during the reporting period (previous year: 1.0 %).

Company pension scheme

Since the complete reorganisation and development of **company pension schemes** in 2018, employees in Germany now have even more flexibility in terms of shaping their working lifetimes. Both individual early retirement solutions and various options for lump-sum payouts upon retirement boost the appeal of company pension schemes for employees.

Existing claims from models such as the working lifetime account and the so-called "port pension" have been transferred to the **HHLA capital plan**. By pooling these provisions within a single system, HHLA is also more closely aligned with rising employee needs with regard to transparency. In 2021, 64.9 % of entitled employees were already benefiting from this pension system.

More detailed information about the workforce can be found in the Employees section of the combined group management report.

Occupational health and safety

Occupational safety

Numerous **preventive measures and guidelines** are in place to ensure that staff from both HHLA and external companies, customers, suppliers and visitors do not come to bodily harm, which is a key concern for HHLA.

By using modern technologies, HHLA strives to achieve constant improvements in occupational safety. When introducing new work equipment and methods at HHLA sites, the company's occupational safety organisation is closely integrated into planning processes in order to adapt them to changing conditions within the company and to reflect the latest safety-related findings.

A **software-based occupational safety management system** is used to monitor occupational safety targets and measures.

HHLA implements measures that promote safety awareness, safe behaviours and a culture of safety over the long term. A pilot project to promote safety awareness and develop a behaviour-based safety culture was therefore continued at one of the container terminals in Hamburg during the reporting year – despite the challenges posed by the coronavirus pandemic.

Due to the pandemic-related restrictions, in-person occupational safety campaigns at HHLA sites were avoided where possible. Instead, employees received training and given handy tips in **online courses on topics relating to occupational safety and ergonomics when working from home** >, where they received practical tips.

In order to compile meaningful **accident statistics**, accidents at all HHLA companies in Hamburg are taken into account and recorded using a standardised reporting system. These also include accidents not directly linked to container handling (e.g. in workshops). The reasons for changes or fluctuations are carefully analysed in order to quickly initiate structured preventive measures.

In 2021, there were 91 notifiable accidents (excluding accidents when commuting) at the companies in Hamburg in which HHLA owns a stake of over 50 % (previous year: 79). There were also nine notifiable coronavirus infections classed as workplace incidents, as the employees concerned were verifiably infected at work.

Occupational health

As part of its health promotion efforts, HHLA strives to develop a workable occupational **health management system** which reflects everyday needs and to systematically integrate these measures into company processes.

Furthermore, with the aid of targeted communication and information strategies, HHLA actively promotes existing **health care services, such as social counselling and flu vaccinations**. This has led to increased use of these services by employees.

In addition, the coronavirus pandemic continued to pose particular challenges for HHLA's occupational safety strategy in 2021. In order to address this, a **coronavirus crisis team** was established under the leadership of the Executive Board with a coronavirus task force based at the management holding company. The **hygiene concept** developed in 2020, which includes classic social distancing and hygiene regulations, mandatory mask-wearing and shorter cleaning intervals, was also actively implemented in 2021. Furthermore, measures were adopted that were tailored to the specific characteristics of the different working environments at HHLA. In order to keep the number of contacts to a minimum, the concept for blue-collar activities, for example, ensured that there were no more shift overlaps and that employees worked in fixed groups and smaller teams than before. In addition, quarantine managers were installed at all sites in Germany to conduct contact tracing quickly and directly in the event of an infection. Moreover, HHLA's company medical service in Hamburg offered in-house Covid-19 vaccinations for employees and their families.

The rules regarding working from home put in place in late 2019, and thus before the start of the coronavirus pandemic, served as a basis for quickly and consistently implementing further remote working regulations during the pandemic.

As a result of the swift and consistent implementation of coronavirus measures, beyond the legal requirements, the incidence of infections at all HHLA divisions in Germany was kept to a minimum and HHLA's facilities remained fully operational throughout both lockdowns. This underlines the efficacy of the package of measures.

The coronavirus task force also worked with the Group works council to define rules regarding the timing of time-off entitlements in order to be able to assign time off during quieter operational phases. In addition to the rules regarding working from home, multi-shift work was also made possible in administrative areas such as the management holding company.

Corporate citizenship

Regional responsibility

Approximately one in ten jobs in Hamburg has some connection with cargo handling at the Port of Hamburg. This means that the port and associated industries are major employers in the greater Hamburg metropolitan region. HHLA handles over three-quarters of Hamburg's container throughput or more than half of the total throughput in tonnes. The company therefore sees itself as an integral part of economic development in the greater Hamburg metropolitan region. It is well aware of its responsibility towards society both here and at all its other sites.

Social dialogue

HHLA engages in regular dialogue with its stakeholders. Sustainability strategy The company also promotes a number of educational projects focusing on the port and logistics.

Recognising the link between the port, logistics and the water helps us understand the global division of labour and the importance of sustainable business activities. HHLA's support for educational projects focuses on the **"Hafen-Scouts"**. This project was successfully initiated by HHLA, the Hafenmuseum Hamburg and the State Institute for Teacher Training and School Development in 2015. It teaches fourth-grade schoolchildren about the transportation of goods around the world, how the port works and what careers the port offers. In the reporting period, this educational project could only be continued after the summer holidays due to the pandemic. The number of participants increased to 685 in 2021 (previous year: 482).

Economy

Added value and innovation

As the largest port in Germany by far, the Port of Hamburg directly and indirectly employs over 165,000 people in the greater Hamburg metropolitan region. It is one of the most important economic factors of northern Germany and, as a hub of international trade, plays an extremely important role for Germany's entire economic system. HHLA wants to make a lasting contribution to the prosperity of those societies where its facilities are located.

Added value

Despite the ongoing impact of the pandemic, net added value increased by 14.8 % year-on-year to € 752.8 million in the 2021 financial year (previous year: € 656.0 million). At 50.4 %, the added value ratio was slightly down year-on-year (previous year: 49.0 %).

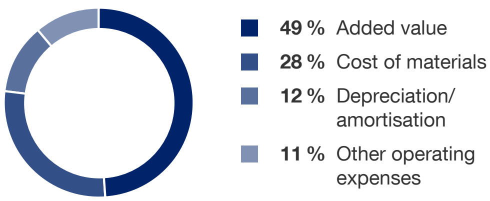
Value added in the HHLA Group

in € million	2021	2020	Change
Employees	555.6	551.6	0.7 %
Shareholders	132.9	74.1	79.3 %
Public authorities	58.7	25.0	135.1 %
Lenders	5.6	5.3	5.4 %
Total	**752.8**	**656.0**	**14.8 %**

Net added value serves as an indicator of the economic value creation of a business activity. It is calculated by taking the production value and deducting all intermediate inputs, depreciation and amortisation. Added value is shared between employees, shareholders, the state (taxes) and lenders. The largest proportion, 73.8 % or € 555.6 million, went to employees.

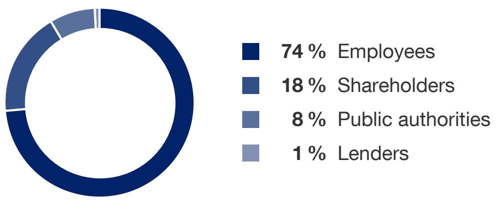
Source of added value

Production value 2021: € 1,495 million



Application of added value

Net added value 2021: € 753 million



Innovation

HHLA has considered itself a start-up since it was founded in 1885. Without innovation and the drive to continually engage with new trends and technologies, HHLA's path would not have been successful. Today, the company is primarily concerned with the opportunities for modern logistics offered by automation and digitalisation. Research and development

Increasing efficiency

As part of its corporate strategy, HHLA is committed to a transformation process aimed at strengthening the company's future viability and creative power over the long term. Boosting efficiency and networking is one of four goals. In order to implement this, HHLA has launched an extensive programme to enhance the efficiency of its operations.

This increased efficiency will strengthen the company's market position and performance, thus helping to secure jobs and facilities over the long term. Operational efficiency is one of the key customer requirements and forms the basis for customer satisfaction and loyalty. It therefore plays a major role in ensuring the lasting economic success of the company.

Implementation and measures

The efficiency programme is being developed and launched in consultation with employees in operational areas. HHLA executives are supported throughout the programme by external consultants. The programme is focused on port handling operations and the auxiliary service areas and processes within the Group.

The main thrust of the efficiency enhancement programme is to consistently optimise processes, expand system support (automation and digitalisation) and develop employee skills. Performance management methods are being introduced with the participation of all involved and include both control instruments and advanced control processes.

One element of the programme is the refinement of daily operational meetings at which teams discuss current operational performance, key factors in service delivery and measures to improve it.

Expansion of digitalisation for process optimisation

HHLA believes in the value-adding potential of digitalisation as a means of optimising all internal organisational units involved in the service delivery chain, as well as at the interface with external parties such as customers.

HHLA's digitalisation measures aim to pool process-relevant information and control variables and make them available on shared digital platforms in order to increase process speed and performance, thus making an important contribution towards boosting competitiveness. Furthermore, the digitalisation initiatives serve to create and simplify interfaces with the company's customers and facilitate the optimisation of handling quality.

Implementation and measures

Digitalisation measures are identified and implemented using participatory methods and are aligned with the Group's value creation objectives. The core areas for digitalisation opportunities are regularly analysed and their potential added value quantified. This results in the order in which the measures are to be implemented.

One example of this is the further digitalisation of all interfaces with shipping company customers and the onshore interfaces with rail and haulage company customers. The introduction and automatic checking of a mandatory data exchange helps to improve visibility and planning capacity in handling operations. The resulting data quality and efficiency is reflected in improved customer performance.

The forward-looking partnership with our customers is initiated and managed directly from our operational business. The project structure ensures coordination with other parts of the company.

Tax

Approach to taxation

Integrity and legally compliant conduct are firmly anchored within HHLA. This also applies to the fulfilment of our tax obligations. As a company with international activities, HHLA is subject to the tax laws of the respective national jurisdictions in which it operates. HHLA pays the taxes incurred in line with the relevant legal requirements of the countries in which the company operates. To this end, the Group has established structures and processes to ensure the continuous monitoring of and compliance with tax law requirements, and cultivates a transparent and open dialogue with the relevant tax authorities.

In 2021, the Group's **effective tax rate** stood at 30.6 % (previous year: 25.2 %). In 2021, income tax expenses for the HHLA Group amounted to € 58.7 million (previous year: € 25.0 million), of which, as in the previous year, approximately 34 % was attributable to Germany accounted for and approximately 66 % was attributable to the foreign subsidiaries.

Tax compliance management system (TCMS)

An experienced team of tax experts in Hamburg and in the local subsidiaries ensures that potential tax risks are identified in good time. The **monitoring process for compliance with tax requirements** is an integral part of the internal control system (ICS). Risk and opportunity management system

Tax risks may arise for HHLA as a result of tax audits, changes in tax legislation or other factors that may have an effect on the effective tax rate and liquidity. If tax burdens are expected by the company, they are taken into account – where they are quantifiable – by forming the relevant provisions.

In order to prevent potential tax risks, HHLA's tax processes will in future be monitored and controlled by a **tax compliance management system (TCMS)**. HHLA started implementing the TCMS in 2019. The system is expected to be fully integrated by 2022. In doing so, the HHLA Group fulfils the requirement under German tax law for companies to implement such a compliance management system in order to protect the company and its legal representatives.

Reporting standards

As an international company with Group revenue of over € 750 million, HHLA is subject to the duty to report certain country-specific key figures. This is known as **country-by-country reporting** and is based on an initiative of the Organisation for Economic Cooperation and Development (OECD).

In this context, HHLA AG shares tax information every year with the **Federal Central Tax Office** for all Group companies located outside Germany as part of its legal requirement. This information includes revenue, earnings before taxes, income tax payments and the income taxes incurred, ensuring the transparent reporting of all company results and tax payments in the countries in which HHLA or its affiliated companies are active.

HHLA fully complies with the reporting and transparency requirements of the **DAC6 reporting** system introduced by the European Union (EU) and has implemented the relevant technical solutions.

Business partners

In its relationships with business partners, HHLA strives for **integrity, fairness, responsibility and sustainability**. In order to minimise the risks that may occur at the start of, and during, a business relationship, HHLA implements a Group-wide **business partner screening system**. The system facilitates the recurring risk-based analysis and assessment of business relationships and possible measures to reduce risks. Purchasing and materials management

In particular, HHLA expects its suppliers to subscribe to a company policy in line with the above values and to comply with all applicable laws. In this context, HHLA has launched a Group-wide **Supplier Code of Conduct** that summarises the main principles of behaviour. The Supplier Code of Conduct is freely available on the company's website.

Governance

Business ethics and integrity

Combating corruption and bribery

A company can only achieve sustainable success if it behaves in a responsible and legally compliant manner. With this in mind, **compliance** with legal requirements and internal company guidelines is a key part of HHLA's corporate governance policy. Corporate governance declaration

HHLA strives to achieve this prime objective by establishing, coordinating and constantly enhancing its Group-wide **compliance management system (CMS)**. It has also set itself the goal of identifying key compliance risks, assessing them on an ongoing basis, and minimising them by implementing suitable measures and processes. Furthermore, the CMS aims to raise awareness among HHLA Group employees regarding the need to comply with both the legal requirements relevant to their work and internal guidelines. By doing so, it sets out to foster an appropriate level of risk awareness within the workforce with a view to preventing compliance violations.

The functions of HHLA's CMS are carried out centrally by a **Group Compliance Officer**, who reports to the Executive Board member responsible for compliance – currently the Labour Director or Chief Human Resources Officer – and the Supervisory Board's Audit Committee, as well as decentrally by local compliance contact partners and officers, who report to the Group Compliance Officer.

HHLA's CMS centres on a **Code of Conduct** that goes beyond the statutory requirements by formulating overriding principles on relevant topics for compliance, such as fair conduct in the competitive environment and dealing with conflicts of interest or sensitive corporate information. The HHLA Code of Conduct is available online at www.hhla.de/compliance.

Preventing corruption is another key issue addressed in the Code of Conduct. In the course of its activities, HHLA is constantly in contact with business partners and officials at different levels – especially in Germany, Central and Eastern Europe, and Asia. The aim of the in-depth anti-corruption guidelines is to help employees assess situations with potential corruption implications in their day-to-day work in order to effectively prevent corrupt behaviour and the associated consequences for both employees and the company. The anti-corruption guidelines provide staff with the necessary knowledge about granting or accepting benefits to or from business partners and officials. Practical examples are used by way of illustration.

The Code of Conduct obliges employees to pass on any information they may have about misconduct at the company. Third parties can also use **the compliance hotline** for whistleblowing. All information received is treated confidentially and callers can choose to remain anonymous. Moreover, the anti-corruption guidelines state that staff must seek advice or report violations if they have any doubts or suspicions.

Training courses and internal corporate media constantly provide employees with information on important aspects of the Code of Conduct and associated issues, such as corruption prevention and how they are expected to behave in accordance with the anti-corruption guidelines. During the reporting period, online training in anti-corruption topics was provided to employees in regular contact with business partners and officials.

The **number of incidents** is constantly documented and monitored as part of the CMS using an internal reporting system. This enables the company to adjust its risk assessment or add more risk scenarios should there be an increase, for example, and to introduce appropriate measures, such as more communication and adapting processes in its internal control system.

The responsibility of each individual to comply with the provisions laid down by regulators, professional associations and the government, both within the company itself and in dealings with contractual partners, is also stated in **HHLA's own in-house purchasing guidelines**, in combination with HHLA's externally applicable purchasing guidelines. The focus here is on analysing and evaluating relationships with suppliers in terms of their reliability, quality, innovativeness, cost structures, economic stability, occupational safety, sustainability and compliance. Selecting suppliers on the basis of these criteria also helps to prevent corruption. Purchasing and materials management

HHLA continues to use a **Supplier Code of Conduct.** This is enshrined in the purchasing guidelines. The Supplier Code of Conduct also includes anti-corruption regulations.

During the reporting period, the implementation of an IT-based **business partner screening system** was continued. This will facilitate the risk-based assessment of HHLA's business partners, e.g. with regard to compliant behaviour in their international business dealings. Business partners

In 2020/2021, the effectiveness of the CMS – and in particular the area of anti-corruption – was audited and confirmed by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, in accordance with IDW PS 980 and taking into account the requirements of ISO 19600.

Respect for human rights

Ensuring our employees act in a lawful fashion guided by integrity also means protecting human rights. HHLA only has sites in Europe and more than 95 % of HHLA's suppliers are based in the European Union, where human rights are a prime concern and enshrined in both local and European laws. Furthermore, the principles of the UN Global Compact are reflected in the **Code of Conduct** and HHLA's comprehensive guidelines, such as its health and safety guidelines. As an overarching set of rules, the Code of Conduct includes the following principles:

- integrity as a central value, a commitment to diversity and the rejection of all forms of discrimination in our interactions with one another
- guidance on lawful behaviour, particularly to prevent corruption in dealings with business partners and officials
- protecting the health and safety of employees in the workplace. Occupational safety is a priority for HHLA and we have set ourselves the goal of remaining a leader in this regard
- protecting the environment and sustainable business practices, promoting environmental awareness and accelerating the development and acceptance of environmentally friendly technologies through the HHLA sustainability strategy Sustainability strategy

Moreover, HHLA actively encourages worker co-determination and safeguards both the **freedom of association** and the **right to collective bargaining.**

The risk-oriented **business partner screening system** currently being further implemented by HHLA in the field of third-party compliance also contributes towards the early detection of potential human rights risks. Equally, the **Supplier Code of Conduct** used by HHLA for its suppliers specifically includes respect for human rights.

On the basis of the National Action Plan on Business and Human Rights, HHLA has issued a Declaration of Principles for the Respect and Observance of Human Rights and for Diversity and the Condemnation of all Forms of Discrimination and Racism. In 2021, the focus of these efforts was on initiating a project for the further development of diversity management and a project for implementing the Supply Chain Due Diligence Act [Lieferkettensorgfaltspflichtengesetz, LkSG]. Communication activities focused on the topics of anti-corruption and occupational safety.

Information on EU taxonomy

Aims of the EU taxonomy

As a community of states, the European Union (EU) has set itself the aim of becoming climate neutral by 2050. Within the scope of the EU Action Plan on Sustainable Finance, the channelling of capital flows into sustainable investments is a key objective. In order to support this goal, the EU Taxonomy Regulation came into force in mid-2020. It is a uniform and legally binding classification system that defines which business activities in the EU can be deemed "environmentally sustainable". Company-specific reports on the results of this classification must be reported annually. In June 2021, the final classifications for environmentally sustainable business activities were published for the first two of the six environmental targets. The following six environmental targets are listed in Section 9 of the Taxonomy Regulation:

- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

The EU has currently published requirements for sustainable business activities under the EU taxonomy (EU catalogue) for the two environmental targets of "Climate change mitigation" and "Climate change adaptation". The description of the business activity in the delegated acts determines which business activities can generally be considered.

Classification of business activities

With regard to the classification of a business activity as "environmentally sustainable" under the EU taxonomy, it is necessary to distinguish between taxonomy eligibility and taxonomy alignment. The first step is to check whether a business activity is described in the delegated act and thus taxonomy-eligible. Only taxonomy-eligible business activities can be classed as "environmentally sustainable" if certain criteria are fulfilled. Consequently, the second step is to evaluate whether the technical screening criteria are fulfilled in order to be classified as taxonomy-aligned.

In accordance with relief granted by the EU, only the proportions of taxonomy-eligible and taxonomy-non-eligible business activities for revenue, capital expenditure and operating expenses have to be disclosed for the 2021 reporting year. All fully consolidated affiliates are included in this analysis.

Definition of revenue according to the Taxonomy Regulation

Revenue includes the income disclosed in accordance with International Accounting Standard (IAS) 1, Paragraph 82(a) within the meaning of Regulation (EC) No. 1126/2008.

Definition of capital expenditure (CapEx) according to the Taxonomy Regulation

The basis for measuring capital expenditure is additions to property, plant and equipment and intangible assets during the financial year in question before depreciation and amortisation, and any remeasurements for the financial year in question and fair value changes. This also includes additions to property, plant and equipment and intangible assets resulting from business combinations (application of IFRS [IAS 16, 38, 40, 41, IFRS 16] and national accounting policies). Acquired goodwill is not taken into account. Investments in non-current assets that are classified as for sale or for distribution are only accounted for until the first time the relevant classification is made.

Definition of operating expenses (OpEx) according to the Taxonomy Regulation

The basis for measuring operating expenses is the direct, non-capitalised cost for research and development, building renovation measures, short-term leases, maintenance and repairs, and any other direct expenditure for the day-to-day servicing of assets of property, plant and equipment by the company or by third parties that are necessary to guarantee the continued and effective operation of these facilities.

Taxonomy-eligible business activities of the HHLA Group

Analysis of business activities

As a result of Section 289b (1) HGB, Hamburger Hafen und Logistik AG (HHLA) is obliged to comply with the requirements set out in the Taxonomy Regulation. Pursuant to Section 315e (1) HGB, the consolidated financial statements of HHLA are prepared in accordance with IFRS as at the closing date. The amounts used to calculate the relevant key performance indicators (KPIs) for revenue (revenue KPI), capital expenditure (CapEx KPI) and operating expenses (OpEx KPI) are based on the figures reported in the consolidated financial statements.

The taxonomy-eligible business activities for the "climate change mitigation" and "climate change adaptation" targets can be found in the annexes to the Delegated Regulation (EU) of the Commission supplementing Regulation (EU) 2020/852.

HHLA business activities deemed taxonomy-eligible are to be attributed to the environmental target of climate change mitigation and focus on:

- 6.2 Freight rail transport
- 6.6 Freight transport services by road
- 6.14 Infrastructure for rail transport
- 6.16 Infrastructure enabling low-carbon water transport
- 7.7 Acquisition and ownership of buildings

The taxonomy-eligible activities of container transport by rail and road, including the inland terminals, are carried out by HHLA's intermodal companies.

The Group's business activities in container handling and the operation of HHLA seaport terminals were classed as taxonomy-eligible as these activities facilitate low-carbon water transport.

In the Real Estate segment, the ownership or acquisition of property was classed as taxonomy-eligible. Real estate owned and let by HHLA primarily covers the Speicherstadt historical warehouse district and Hamburg's fish market district.

Activities in the fields of consulting, automation, container repair and project logistics were mainly classed as taxonomy-non-eligible.

Collection of key figures

Based on this complete analysis of business activities, the proportion of taxonomy-eligible revenue, capital expenditure and operating expenses of HHLA in the respective totals for the 2021 financial year is stated. When compiling the KPIs, materiality thresholds were set for the consideration of individual economic activities.

Key figures on the taxonomy eligibility of the HHLA Group

as of 31.12.2021	taxonomy-eligible	not taxonomy-eligible
Revenue	96.0 %	4.0 %
Investments (CapEx)	92.4 %	7.6 %
Operating expenses (OpEx)	92.3 %	7.7 %

The calculated KPIs show that HHLA's business activities can make a major contribution to climate change mitigation.

From the 2022 financial year onwards, even more extensive analyses will be necessary to fulfil specific criteria with regard to the business activities identified. In addition to the evaluation with regard to alignment criteria, these include an assessment of whether the taxonomy-eligible business activities make a material contribution to an environmental target defined by the Taxonomy Regulation and whether any other environmental target is significantly impeded. Furthermore, the fulfilment of minimum social standards in line with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, the ILO Core Labour Standards and the International Bill of Human Rights must be ensured.

Revenue: Taxonomy-eligible revenue share

The KPI calculated for the proportion of taxonomy-eligible revenue in the 2021 financial year was 96.0 %.

The revenue KPI is determined as a ratio of the numerator and denominator as defined below:

- The **numerator** of the revenue KPI is defined as net revenue generated by products and services in connection with the taxonomy-eligible business activities.
- The **denominator** of the revenue KPI is based on consolidated net revenue of the HHLA Group. Income statement

$$\text{Revenue key figure} = \frac{\text{Taxonomy-eligible net revenue}}{\text{Total net revenue}}$$

Revenue disclosed in the HHLA Group income statement was analysed across all Group companies to evaluate whether it generated by taxonomy-eligible business activities pursuant to Annex I (Material contribution to climate change mitigation) and Annex II (Material contribution to climate change adaptation) of Delegated Regulation (EU) 2020/852. Following a detailed analysis of the items included in revenue, the respective revenue amounts are allocated to the taxonomy-eligible business activities.

Investments: Taxonomy-eligible CapEx share

The KPI calculated for the proportion of taxonomy-eligible capital expenditure in the 2021 financial year was 92.4 %.

The CapEx KPI is determined as a ratio of the numerator and denominator as defined below:

The **numerator** of the CapEx KPI is the total capital expenditure that is taxonomy-eligible.

The **denominator** of the CapEx KPI comprises all capital expenditure according to the Taxonomy Regulation. It corresponds to total capital expenditure disclosed in the investment analysis of the financial position section, and the intangible assets and additions to property, plant and equipment disclosed in the notes to the consolidated financial statements. Notes to the consolidated financial statements, no. 22 Intangible assets and no. 23 Property, plant and equipment

CapEx key figure	=	Taxonomy-eligible investments / Total capital expenditure according to the Taxonomy Regulation

The CapEx KPI thus provides the proportion of capital expenditure associated with a taxonomy-eligible business activity. Additions are made either in fully taxonomy-eligible individual companies or are directly attributable to taxonomy-eligible business activities following an analysis with regard to taxonomy eligibility and a comparison with Annex I (Material contribution to climate change mitigation) and Annex II (Material contribution to climate change adaptation) of Delegated Regulation (EU) 2020/852.

Operating expenses: Taxonomy-eligible OpEx share

The KPI calculated for the proportion of taxonomy-eligible operating expenses in the 2021 financial year was 92.3 %.

The OpEx KPI is determined as a ratio of the numerator and denominator as defined below:

- The **numerator** of the OpEx KPI are the operating expenses that are taxonomy-eligible.
- The **denominator** comprises direct, non-capitalised costs for research and development, building renovation measures, short-term leases, maintenance and repairs, and all other direct expenditure for the ongoing maintenance of property, plant and equipment.

OpEx key figure	=	Taxonomy-eligible operating expenses / Direct, non-capitalised costs (R&D, building renovation measures, leasing and maintenance)

The OpEx KPI reveals the proportion of operating expenses as defined by EU taxonomy that are associated with taxonomy-eligible business activities. The numerator is the result of an analysis of the assets associated with the expenditure recorded in the above accounts with regard to their taxonomy eligibility on the basis of Annex I (Material contribution to climate change mitigation) and Annex II (Material contribution to climate change adaptation) of Delegated Regulation (EU) 2020/852. In order to determine the denominator, the accounts reflecting direct, non-capitalised costs for research and development expenditure, building renovation measures, short-term leases and maintenance and repair costs were considered.

Audit opinion

Independent Practitioner's Report on a Limited Assurance Engagement on Non-financial Reporting[1]

To Hamburger Hafen und Logistik Aktiengesellschaft (HHLA), Hamburg

We have performed a limited assurance engagement on the Combined separate non-financial report of HHLA, Hamburg, (hereinafter the "Company") for the period from 1 January to 31 December 2021 (hereinafter the "Combined Separate Non-financial Report").

Not subject to our assurance engagement are the external sources of documentation or expert opinions mentioned in the Combined Separate Non-financial Report, which are marked as unassured.

Responsibility of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Combined Separate Non-financial Report in accordance with §§ (Articles) 315c in conjunction with 289c to 289e HGB ("Handelsgesetzbuch": "German Commercial Code") and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18. June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in section EU-Taxonomy of the Combined Separate Non-financial Report.

This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the Company that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal controls as the executive directors consider necessary to enable the preparation of a Combined Separate Non-financial Report that is free from material misstatement whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section EU-Taxonomy of the Combined Separate Non-financial Report. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

Independence and Quality Control of the Audit Firm

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis – IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibility of the Assurance Practitioner

Our responsibility is to express a conclusion with limited assurance on the Combined Separate Non-financial Report based on our assurance engagement.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Company's Combined Separate Non-financial Report, other than the external sources of documentation or expert opinions mentioned in the Combined Separate Non-financial Report, are not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section EU-Taxonomy of the Combined Separate Non-financial Report.

In a limited assurance engagement the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgement of the assurance practitioner.

In the course of our assurance engagement, we have, amongst other things, performed the following assurance procedures and other activities (beispielhafte Aufzählung):

- Gain an understanding of the structure of the Company's sustainability organisation and stakeholder engagement
- Inquiries of the executive directors and relevant employees involved in the preparation of the Combined Separate Non-financial Report about the preparation process, about the internal control system relating to this process and about disclosures in the Combined Separate Non-financial Report
- Identification of likely risks of material misstatement in the Combined Separate Non-financial Report
- Analytical procedures on selected disclosures in the Combined Separate Non-financial Report
- Reconciliation of selected disclosures with the corresponding data in the consolidated financial statements and management report
- Evaluation of the presentation of the Combined Separate Non-financial Report
- Evaluation of the process to identify taxonomy-eligible economic activities and the corresponding disclosures in the Combined Separate Non-financial Report
- Inquiries on the relevance of climate-risks

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Assurance Opinion

Based on the assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Combined Separate Non-financial Report of the Company for the period from 1 January to 31 December 2021 is not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section EU-Taxonomy of the Combined Separate Non-financial Report.

We do not express an assurance opinion on the external sources of documentation or expert opinions mentioned in the Combined Separate Non-financial Report, which are marked unassured.

Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company. We do not accept any responsibility to third parties. Our assurance opinion is not modified in this respect.

Frankfurt am Main, 11. March 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Nicolette Behncke ppa. Meike Beenken
Wirtschaftsprüferin

[1] PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the Combined separate non-financial report and issued an independent practitioner`s report in German language, which is authoritative. The following text is a translation of the independent practitioner`s report.

Glossary

Specialist terminology

Automated guided vehicle (AGV)
A fully automatic, driverless transport vehicle which carries containers back and forth between the container gantry cranes on the quayside and the block storage yard at the HHLA Container Terminal Altenwerder.

Block storage
Automated block storage is used at the HHLA Container Terminals Altenwerder and Burchardkai to stack containers in a compact and efficient manner. Containers are stacked in several storage blocks. Rail-mounted gantry cranes are used to transport and stow the boxes.

ConRo ship
A vessel which can transport both containers and rolling cargo (see "RoRo").

Container gantry crane
A crane system used to load and discharge container ships. As ships are becoming larger and larger, the latest container gantry cranes have much higher, longer jibs to match.

Feeder/Feeder ship
Vessels which carry smaller numbers of containers to ports. From Hamburg, feeders are primarily used to transport boxes to the Baltic region.

Hinterland
A port's catchment area.

Hub terminal (Hinterland)
A terminal which bundles and distributes consignments as handling hub. HHLA's rail companies operate hub terminals like this in Ceska Trebova, Budapest, Dunajska Streda, Poznan and Prague.

Intermodal/Intermodal systems
Transportation via several modes of transport (water, rail, road) combining the specific advantages of the respective carriers.

North range
The North European coast. In the broadest geographic sense, this is where all the international ports in Northern Europe from Le Havre to Hamburg can be found. The four largest ports are Hamburg, Bremerhaven, Rotterdam and Antwerp.

Portal crane (also called a rail gantry crane or storage crane)
Crane units spanning their working area like a gantry, often operating on rails. Also called a storage crane when used at a block storage facility, or a rail gantry crane when used to handle rail cargo.

RoRo
Short for "roll on, roll off", RoRo is a means of loading cargo which can simply be rolled or driven onto or off a ship. Most rolling cargo consists of cars of trucks, but project cargo is also transported in this way on special trailers.

Shuttle train
A train which travels back and forth on one route with the same arrangement of wagons, eliminating the need for time-consuming shunting. HHLA's rail subsidiaries operate shuttle trains between the seaports and the hub terminals (hinterland).

Spreader
Weighing several tonnes, the spreader is the part of a container gantry crane or other crane used to grip then lift or lower containers.

Standard container
A TEU is a 20-foot standard container, used as a unit for measuring container volumes. A 20-foot standard container is 6.06 metres long, 2.44 metres wide and 2.59 metres high.

Straddle carrier (also called a van carrier or VC)
A vehicle used to transport containers at the terminals. The driver manoeuvres their straddle carrier into position above a container and lifts it up. The vehicles can stack containers up to four high.

Tandem gantry crane
A highly efficient container gantry crane capable of unloading or loading two 40-foot containers or four 20-foot containers in a single movement. HHLA uses gantry cranes of this kind at the Container Terminal Burchardkai.

Terminal
In maritime logistics, a terminal is a facility where freight transported by various modes of transport is handled.

TEU (twenty-foot equivalent unit)
A TEU is a 20-foot standard container, used as a unit for measuring container volumes. A 20-foot standard container is 6.06 metres long, 2.44 metres wide and 2.59 metres high.

Traction
The action of a locomotive pulling a train.

Transport performance
A performance indicator used for rail traffic, calculated as the product of the volume transported and the distance covered.

Ultra large vessel (ULV)
A mega-ship that is at least 330 metres long and/or 45 metres wide. This type of vessel is increasingly being used on routes between the Far East and Northern Europe in particular.

Financial terms

At-equity earnings
Proportionate profit after tax attributable to a joint venture or an associated company, reported in the income statement under financial income.

Average operating assets
Average net non-current assets (intangible assets, property, plant and equipment, investment property) + average net current assets (inventories + trade receivables – trade liabilities).

Cost of capital
Expenses associated with the use of funds as equity or borrowed capital.

DBO (defined benefit obligation)
Defined benefit pension obligation relating to the pension entitlements of active and former employees, including probable future changes to pensions and salaries, earned and measured as of the reporting date.

Dynamic gearing ratio
Financial debt (pension provisions + non-current and current liabilities to related parties + non-current and current financial liabilities – cash, cash equivalents, short-term deposits and receivables from HGV [cash pooling]) / EBITDA.

EBIT
Earnings before interest and taxes.

EBITDA
Earnings before interest, taxes, depreciation and amortisation.

EBT
Earnings before tax.

Economy of scale
A rule of economics which says that higher production quantities go hand in hand with lower unit costs.

Equity ratio
Equity / balance sheet total.

EU taxonomy
Uniform and legally binding system that classifies economic activities as "ecologically sustainable".

Financial result
Interest income – interest expenses +/– earnings from companies accounted for using the equity method +/– other financial result.

IAS
International accounting standards.

IFRS
International financial reporting standards.

Impairment test
Assessment of an asset's value in accordance with IFRS.

Investments
Payments for investments in property, plant and equipment, investment property and intangible assets.

Operating cash flow
According to literature on IFRS key figures: EBIT – taxes + depreciation and amortisation – write-backs +/– changes in non-current provisions (excl. interest portion) +/– gain/loss on the disposal of property, plant and equipment + changes in working capital.

Revenue
Revenue from sales or lettings and from services rendered, less sales deductions and VAT.

ROCE (return on capital employed before taxes)
EBIT / Average operating assets.

Value added
Production value – intermediate inputs (cost of materials, depreciation and amortisation, and other operating expenses); the value added generated is shared between the HHLA Group's stakeholders, such as employees, shareholders, lenders and the local community.

Financial calendar

24 March 2022

Annual Report 2021
Analyst Conference Call

12 May 2022

Interim Statement January–March 2022
Analyst Conference Call

16 June 2022

Annual General Meeting

10 August 2022

Half-Yearly Financial Report January–June 2022
Analyst Conference Call

14 November 2022

Interim Statement January–September 2022
Analyst Conference Call

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Legal Note

This document contains forward-looking statements that are based on the current assumptions and expectations of the Hamburger Hafen und Logistik Aktiengesellschaft (HHLA) management team. Forward-looking statements are indicated through the use of words such as expect, intend, plan, anticipate, assume, believe, estimate and other similar formulations. These statements are not guarantees that these predictions will prove to be correct. The future development and the actual results achieved by HHLA and its affiliated companies are dependent on a wide range of risks and uncertainties and may therefore deviate greatly from the forward-looking statements. Many of these factors are outside of HHLA's control and therefore cannot be accurately estimated, such as the future economic environment and the actions of competitors and others involved in the marketplace. HHLA neither plans nor undertakes any special obligation to update the forward-looking statements.

Multi-year overview

in € million	2017	2018	2019	2020	2021
Revenue					
Port Logistics subgroup	1,220.3	1,258.5	1,350.0	1,269.3	1,435.8
Real Estate subgroup	37.9	39.3	40.2	38.1	38.1
Consolidation	- 6.4	- 6.6	- 7.6	- 7.6	- 8.4
HHLA Group	**1,251.8**	**1,291.1**	**1,382.6**	**1,299.8**	**1,465.4**
EBITDA					
Port Logistics subgroup	274.5	297.8	358.7	269.4	384.1
Real Estate subgroup	21.3	20.7	23.9	20.0	22.6
Consolidation	0.0	0.0	0.0	0.0	0.0
HHLA Group	**295.8**	**318.5**	**382.6**	**289.4**	**406.7**
EBITDA margin in %	23.6	24.7	27.7	22.3	27.8
EBIT					
Port Logistics subgroup	156.6	188.4	204.4	110.3	212.6
Real Estate subgroup	16.3	15.5	16.5	12.9	15.3
Consolidation	0.3	0.3	0.3	0.4	0.4
HHLA Group	**173.2**	**204.2**	**221.2**	**123.6**	**228.2**
EBIT margin in %	13.8	15.8	16.0	9.5	15.6
Profit after tax	**105.9**	**138.5**	**137.1**	**74.1**	**132.9**
Profit after tax and after non-controlling interests	81.1	112.3	103.3	42.6	112.3
Cash flow/investments/depreciation and amortisation					
Cash flow from operating activities	275.5	232.7	322.7	291.2	315.9
Cash flow from investing activities	- 131.2	- 203.4	- 193.8	- 177.3	- 227.4
Cash flow from financing activities	- 119.0	- 31.5	- 176.9	- 150.9	- 84.9
Investments	142.6	141.3	224.9	196.3	231.6
Depreciation and amortisation	122.6	114.2	161.4	165.8	178.5
Assets and liabilities					
Non-current assets	1,348.0	1,446.9	2,124.4	2,150.9	2,294.0
Current assets	487.3	526.0	485.7	440.2	507.9
Equity	602.4	614.8	578.9	567.0	705.2
Equity ratio in %	32.8	31.2	22.2	21.9	25.2
Pension provisions	448.9	448.9	503.2	531.1	489.3
Other non-current assets	544.9	665.7	1,246.6	1,193.6	1,240.9
Current liabilities	239.1	243.4	281.3	299.4	366.5
Dynamic gearing ratio	2.3	2.5	4.0	5.1	3.6
Total assets	**1,835.3**	**1,972.9**	**2,610.0**	**2,591.1**	**2,801.9**
Employees					
Employees as of 31.12.	5,581	5,937	6,296	6,312	6,444
Performance data					
Container throughput in million TEU	7.2	7.3	7.6	6.8	6.9
Container transport in million TEU	1.5	1.5	1.6	1.5	1.7

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