Annual Report

2022

Hamburger Hafen und
Logistik Aktiengesellschaft

Container segment

55 % 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, in the Estonian port of Muuga near Tallinn and in Trieste in Italy.

Revenue in € million

2022	**864.2**
2021	841.9

Intermodal segment

38 % Share of revenue

HHLA's rail companies operate a comprehensive transport and terminal network for container transport and connect ports on the North Sea, Baltic Sea and Northern Adriatic with their hinterland. Truck transport in the local area and in European long-distance traffic as well as transhipments within the Port of Hamburg round off the service portfolio.

Revenue in € million

2022	**595.4**
2021	519.4

Logistics segment

5 % Share of revenue

In this segment, HHLA pools a wide range of **port-related services** such as dry bulk, vehicle and fruit logistics. Process automation, air-based logistics services and other digital services for the intermodal sector complete the range of services. HHLA also markets its expertise in infrastructure and project development worldwide.

Revenue in € million

2022	**77.6**
2021	71.3

Real Estate segment

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.

Revenue in € million

2022	**44.1**
2021	38.1

Financial key figures

HHLA Group

in € million	HHLA Group 2022	2021	Change
Revenue and earnings			
Revenue	1,578.4	1,465.4	7.7 %
EBITDA	396.3	406.7	- 2.6 %
EBITDA margin in %	25.1	27.8	- 2.7 pp
EBIT	220.4	228.2	- 3.4 %
EBIT margin in %	14.0	15.6	- 1.6 pp
Group profit after tax	133.1	132.9	0.1 %
Group profit after tax and minority interests	92.7	112.3	- 17.5 %
Cash flow statement and investments			
Cash flow from operating activities	279.3	315.9	- 11.6 %
Investments	203.1	231.6	- 12.3 %
Value added			
Net value added	774.6	752.8	2.9 %
Performance data			
Container throughput in thousand TEU	6,396	6,943	- 7.9 %
Container transport in thousand TEU	1,694	1,690	0.2 %

in € million	31.12.2022	31.12.2021	Change
Balance sheet			
Balance sheet total	2,770.9	2,801.9	- 1.1 %
Equity	873.3	705.2	23.8 %
Equity ratio in %	31.5	25.2	6.3 pp

HHLA subgroups

	Port Logistics subgroup[1, 2]			Real Estate subgroup[1, 3]		
in € million	2022	2021	Change	2022	2021	Change
Revenue	1,542.3	1,435.8	7.4 %	44.1	38.1	15.9 %
EBITDA	369.6	384.1	- 3.8 %	26.6	22.6	17.7 %
EBITDA margin in %	24.0	26.7	- 2.7 pp	60.3	59.4	0.9 pp
EBIT	201.6	212.6	- 5.2 %	18.4	15.3	20.9 %
EBIT margin in %	13.1	14.8	- 1.7 pp	41.8	40.0	1.8 pp
Profit after tax and minority interests	82.1	103.1	- 20.4 %	10.6	9.2	15.1 %
Earnings per share in €[4]	1.13	1.43	- 20.4 %	3.93	3.41	15.1 %
Dividend per share in €[5]	0.75	0.75	0.0 %	2.20	2.10	4.8 %

1 Before consolidation between subgroups
2 Listed class A shares
3 Non-listed class S shares
4 Basic and diluted
5 Dividend proposal for 2022

Non-financial key figures

Ecology

	2022	2021	Change
CO_2 emissions[1] incl. electricity from renewable energies in thousand tonnes	118.2	124.0	- 5.0 %
Direct CO_2 emissions[1] (Scope 1 emissions)	65.4	74.5	- 12.2 %
Indirect CO_2 emissions[1] (Scope 2 emissions)	52.8	49.9	5.9 %
Diesel, petrol and heating oil in million l	23.2	24.1	- 4.0 %
Natural[2] gas in million m^3	1.7	7.5	- 77.5 %
Electricity in million kWh	356.2	342.3	4.1 %
of which electricity from renewables in million kWh	190.4	205.4	- 7.3 %
District heating in million kWh	3.9	4.0	- 3.0 %
District heating from renewable energy in million kWh	2.8	2.5	9.5 %
Water consumption[3] in m^3	106,693	95,791	11.4 %
Volumes of waste[4] in tonnes	8,635	7,350	17.5 %
thereof non-hazardous waste	6,480	5,426	19.4 %
thereof hazardous waste	2,155	1,924	12.0 %

Employees

	31.12.2022	31.12.2021	Change
Number of employees	6,641	6,444	3.1 %
Number of recruitments[4]	185	147	25.9 %
Average employment period in Germany in years	15.8	15.5	1.9 %
Average employment period outside Germany in years	8.2	7.1	15.5 %
Fluctuation rate in Germany in %	5.4	4.4	1.0 pp
Fluctuation rate outside Germany in %	10.0	11.7	- 1.7 pp
Expenditure on educating and training[5] in € million	5.1	5.0	2.0 %
Number of notifiable accidents[5] (excluding accidents when commuting)	92.0	91.0	1.1 %
Loss time injury rate[4,6] per 1 million working hours	12.2	–	–

1 Until 2021 CO_2 emissions, from 2022 CO_2e emissionen
2 Consumption of natural gas and traction current partly estimated
3 In Germany, Estonia, Georgia, Italy, Poland, Slovakia, Slovenia, the Czech Republic, Hungary and Ukraine; 2021 without Georgia
4 In Germany
5 In Hamburg
6 First-time obtained in 2022

Contents

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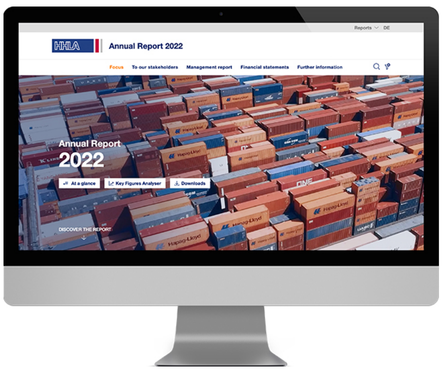
report.hhla.de/annual-report-2022



To our stakeholders

Foreword

View the statement by the Chairwoman of the Executive Board in the online Annual Report.

Dear shareholders,

Hamburger Hafen und Logistik AG (HHLA) and its affiliated companies are a major player in the European logistics network. Whether in the ports of Hamburg, Tallinn, Odessa or Trieste, in the hinterland or on the rails, HHLA reliably fulfils its remit as a service provider to companies and consumers across Germany and Europe. In spite of challenging conditions, we continued to excel in this area in the 2022 financial year. Right at the start of the year, we had to close our terminal in the port of Odessa to seaborne handling due to the Russian invasion of Ukraine. However, onshore handling was maintained by a portion of the workforce. With the help of our European network, we established a land bridge to Odessa in order to transport goods in and out of Ukraine by rail.

Stability and safety are key requirements in the reliable provision of logistics services. These two conditions were only present to a limited extent in 2022. The war triggered price spikes in energy prices and drove inflation in Germany to a record high. Furthermore, global value chains continued to experience disruptions: coronavirus infections, port closures in Asia and North America, massive ship delays, disruption in the European hinterland due to storms and construction and wage disputes all affected companies' productivity. As a result of the disruptions to the supply chain, the dwell time for import and export containers was significantly higher in 2022, particularly for our Hamburg terminals. On the one hand, the associated high level of storage capacity utilisation led to a rise in storage fees, which had a positive overall effect on the development of revenue and earnings. On the other hand, the high storage load presented us with major operational challenges and costs, which we successfully overcame: by deploying more personnel and technology and renting additional yard space, we were able to relieve the pressure on the overall system. Given the circumstances, HHLA was able to close the 2022 financial year with a positive result: the Group operating result (EBIT) did not quite match the strong result of the previous year at € 220.4 million but still exceeded our expectations at the start of the year of between € 175 million and € 210 million – an expected range that could not account for the far-reaching consequences of the outbreak of war on the global economy. As a result, HHLA finished the third pandemic year in a row with a profit.

In the challenging 2022 financial year, HHLA proved its efficiency and resilience. Over the years ahead, we will continue to drive ahead with investments in sustainable and innovative logistics.

Angela Titzrath, Chief Executive Officer

To ensure HHLA remains competitive and efficient in the future, the Container segment is continuing to work towards the implementation of a comprehensive efficiency programme for the Hamburg terminals. In doing so, we are investing in the future of the Port of Hamburg: at the Container Terminal Burchardkai (CTB), the block storage crane system was expanded as scheduled and additional measures for the automation of handling operations were introduced. With the recently launched organisational realignment, we are setting the course for the future and securing employment in the port for the long term.

In an intensely competitive environment, our cooperation with customers and other partners is key to our business success. We are delighted to have come to a consensus with the German government and agreed to our long-time Chinese partner COSCO SHIPPING Ports Limited (CSPL) acquiring a minority interest in our smallest container terminal, the Container Terminal Tollerort (CTT). This investment will strengthen Hamburg as a maritime location and Germany as an industrial nation while also securing employment for the long term.

Internationally, we are investing in strengthening our European network. In 2022, we expanded our network with new rail connections between the Baltic and the Bosporus. In the port of Muuga, our TK Estonia terminal is now able to handle ships with a cargo volume of 14,000 TEU thanks to the transfer of two container gantry cranes from the CTB. Our terminal in the port of Trieste is also increasing in significance, linking cargo flows from the Eastern Mediterranean, the Adriatic and Central and Eastern Europe.

However, we are not only investing in existing structures. We also see ourselves as facilitators of innovative and sustainable logistics. Established in late 2021, HHLA Next is our very own innovation unit and has already positioned its first products (such as heyport) on the market. HHLA Sky received the German Innovation Award in 2022 for its drone control centre.

We also take our responsibility towards other people and the environment very seriously. Just how sustainable our business activities already are is demonstrated by the high degree of compliance with EU taxonomy requirements, which we are reporting for the first time this year. It exceeds 80 percent for revenue, capital expenditure and operating expenses. This approach is also reflected in our reporting structure: we have decided to transfer sustainability reporting into our Group Management Report. For the first time, it includes in-depth disclosures on environmental, social and governance aspects.

Our long-term aim is to achieve climate-neutral production throughout the HHLA Group by 2040. To this end, we are continuously working to electrify processes and increase the use of renewable energies. At the Hamburg Container Terminal Altenwerder (CTA), which was once again certified as a climate-neutral container handling facility in 2022, we are continuing to convert the AGV fleet and refuelling infrastructure to electric. To date, 85 percent of the fleet has been electrified, with the last vehicles switching over to electric during 2023. In terms of our rail transports, we save more than 65,000 tonnes of CO_2 emissions every year by using green electricity. With Clean Port & Logistics, HHLA has created an innovation cluster to test hydrogen-powered equipment in port logistics. Together with partner companies, we develop solutions aimed at bringing hydrogen-powered heavy goods vehicles and terminal equipment to market quickly.

Our commitment to this cause was confirmed in autumn 2022 when we received the Sustainable Impact Award (SIA) in the “Impact on Earth” category. The award will inspire us to greater efforts in the future.

Our responsibility for a sustainable future is not restricted to the development of technological solutions: for us, the focus is human beings. By signing the Diversity Charter in May 2022, the Executive Board strengthened its commitment to diversity and inclusion in HHLA as a workplace. Since the start of the war in Ukraine, one major concern has been the well-being of our employees and their relatives in Odessa. With great solidarity, commitment and efficient organisation, we were quickly able to set up an aid fund and help employees and their families find a temporary home in Germany.

Despite all the challenges we have faced over the past year, our shareholders will be able to benefit from our results in the 2022 financial year. Pending the approval of the Annual General Meeting on 15 June 2023, we will be able to pay out a dividend of € 0.75 per class A share.

Although we continue to face challenges in 2023, working in logistics means being able to deal with volatility. In recent years, we laid the foundations that allowed us to approach this year with confidence and courage. HHLA is already shaping the logistics of the future, and our investments in sustainable, innovative business activities are an essential part of this. We will continue to pursue this course and do all we can to enhance the intrinsic value of HHLA.

Yours,

Angela Titzrath
Chief Executive Officer

Members of the Executive Board

The Executive Board (from left to right:) Jens Hansen, Angela Titzrath, Tanja Dreilich, Torben Seebold

Angela Titzrath

Chief Executive Officer

- Corporate development
- Corporate communications
- Sustainability
- Container sales
- Intermodal segment
- Logistics segment

Tanja Dreilich

Chief Financial Officer[1]

- Finance and controlling
- Investor relations
- Internal audit
- Real Estate segment
- Organisation

Jens Hansen

Chief Operating Officer

- Operations[2]
- Engineering[2]
- Information systems

Torben Seebold

Chief Human Resources Officer

- Director of labor relations
- Purchasing and materials management
- Health and safety in the workplace
- Legal and insurance
- Compliance

Dr. Roland Lappin

Chief Financial Officer[3]

- Finance and controlling
- Investor relations
- Internal audit
- Real Estate segment
- Organisation

1 since 1 January 2023; since 1 February 2023 with departmental responsibilities
2 excluding Real Estate, for the Intermodal and Logistics segments in consultation with the Chief Executive Officer
3 until 31 January 2023

Report of the Supervisory Board

Dear shareholders,

In the 2022 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. Having continuously monitored the Executive Board's management of business and provided advice on the company's strategic development and on key individual measures, we concluded that the management of the company and its internal control and risk management system 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 regarding 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 according to 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 its committees approved all such measures. As Chairman of the Supervisory Board, I was also in regular contact with the Executive Board, and particularly the Chief Executive Officer, between meetings. I 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 four special meetings in the 2022 financial year. At the 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 as well as the company's strategy and significant developments and events. Issues relating to IT security and sustainability, particularly with regard to the monitoring of environmental and social sustainability measures in strategic alignment and corporate planning, are also regularly discussed. During the reporting period, regular topics of discussion included the war in Ukraine and its impact, disruption to global supply chains and high inflation. The other focal points of the meetings during the reporting period can be summarised as follows:

The financial statements meeting held on **22 March 2022** 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 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 and remuneration report, each for the 2021 financial year, as well as the agenda for the 2022 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 2022 financial year. Representatives of the auditor were present at the meeting. They reported on the main results of their audit and were available to answer questions. In this meeting, we also discussed in detail the outbreak of the war in Ukraine and its impact on HHLA, particularly our container terminal in Odessa. In this context, we also approved the provision of aid for our employees and their relatives, as well as the general population, in the amount of up to € 1 million.

In our second routine meeting on **24 May 2022,** we primarily focused on finding a successor to the Chief Financial Officer as well as discussing preparations for the upcoming Annual General Meeting and various other current topics.

The special meeting on **16 June 2022** was used to discuss the reconstitution of the Supervisory Board following the scheduled Supervisory Board re-elections by the Annual General Meeting. In another special meeting on **4 August 2022,** we also appointed the employee representatives to the committees as their appointments had not been finalised at the time of the Annual General Meeting.

At the routine meeting on **29 August 2022,** in addition to discussing the latest business developments, we considered in particular the handling situation at the Hamburg terminals in the context of supply chain disruptions and the situation in Ukraine, as well as our container terminal in Odessa. At this meeting, we also approved the granting of two procurations and dealt with the status of the stake held by COSCO SHIPPING Ports Limited (CSPL) in the Container Terminal Tollerort (CTT). We also appointed a successor to the Chief Financial Officer.

The focus of this year's strategy meeting on **26 September 2022** was on the topics of sustainability and IT, in addition to general strategy-related challenges and the progress made in restructuring the Container segment. We also appointed Tanja Dreilich as the new Member of the Executive Board of HHLA during this meeting.

In another special meeting on **26 October 2022,** following the approval subject to certain conditions from the German Federal Ministry for Economic Affairs and Climate Action, we once again discussed the status of the stake held by COSCO SHIPPING Ports Limited (CSPL) in the Container Terminal Tollerort (CTT). In particular, we discussed the impact of the decision by the German Federal Ministry for Economic Affairs and Climate Action.

At our final regular meeting on **12 December 2022,** we dealt as scheduled with the budget for 2023, the medium-term planning for 2024 to 2027 for the Group and the two subgroups, the findings of the risk and opportunity inventory, and the declaration of compliance with the GCGC. As a result of various updates to the GCGC, we made adjustments to the Supervisory Board's rules of procedure, the requirement profile for the Supervisory Board and the diversity concept for the Executive Board. Other topics included the approval of a suitable scope for internal guarantees along with Executive Board and Supervisory Board issues.

As a general rule, regular meetings are attended by all members of the Supervisory Board and the Executive Board. However, 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 the opportunity to discuss topics with the auditor without the Executive Board being present.

No conflicts of interest regarding members of the Executive Board or the Supervisory Board arose in the reporting period. Prior to taking up a Supervisory Board mandate with the Eurogate Group – a major competitor of HHLA – Supervisory Board member Maya Schwiegershausen-Güth stepped down from the HHLA Supervisory Board on 30 September 2022. 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 governance

The **Finance Committee** held four meetings during the 2022 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. The Finance Committee is also responsible for the preliminary review of major financing, investment and participation plans. Major topics during the reporting period were various investment projects, the impact of the war in Ukraine, supply chain disruption and inflation on HHLA’s net assets, financial and earnings position and creating a framework for internal guarantees connected with applications for funding by Group companies.

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 the effectiveness of the internal control system, the risk management system, the internal audit system and compliance, along with the compliance management system. The committee monitors the selection of the auditor, as well as the auditor’s qualifications, efficiency and independent status as well as the quality of the audit. It also discusses with the auditor the assessment of the audit risk as well as the audit strategy, schedule and results. The Chair of the Audit Committee regularly discusses the audit’s progress with the auditor and reports to the Audit Committee. Furthermore, the Audit Committee deals with reliability of any additional services provided by the auditor (non-audit services). To assist with this, the Audit Committee has adopted a catalogue listing approved non-audit services by type and scope. Finally, the Audit Committee decides on the external review of non-financial statements 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 2021 financial year, the 2022 six-monthly financial report and the interim reports for the first and third quarters of 2022, the work performed by Internal Audit, the determination of key issues for the audit of the Annual Report and Consolidated Financial Statements for the 2022 financial year and, in this context, discussion of the audit risk, strategy and planning with the auditor, the findings of the 2022 risk and opportunity inventory, the plans for the audit and the preparation of the declaration of compliance with the GCGC. The Audit Committee also considered the company’s asset and liquidity situation during the reporting period with regard to the effects of the Covid-19 pandemic, the war in Ukraine, inflation and the increase in energy costs. Moreover, HHLA’s compliance officer 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 Audit Committee regularly consults with the auditor, with or without the presence of the Executive Board. The Chair 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 2021 financial year (March meeting). The committee also dealt with the budget for the 2023 financial year and medium-term planning for 2024 to 2027 (December meeting). In each case, its deliberations related to the Real Estate subgroup (S division). These meetings also allowed the Real Estate Committee to discuss various project developments, necessary renovations to the quay walls and the Real Estate subgroup’s climate protection strategy.

The **Personnel Committee** held twelve meetings in the reporting period. These meetings focused on finding a successor to the Chief Financial Officer with regard to the departure of Dr. Roland Lappin on 31 January 2023. The Personnel Committee also discussed long-term succession planning for the Executive Board.

The **Nomination Committee** convened once in the 2022 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.

Meeting participants

The Supervisory Board and its committees generally hold in-person meetings, although there is the option of participating virtually in order to enable as many people as possible to take part. In exceptional cases – particularly where the agenda contains few or only minor items – meetings can be held purely virtually (generally as a video conference). During the reporting period, this applied to two Supervisory Board meetings (on 4 August and 26 October 2022), eight Personnel Committee meetings (on 31 January, 12, 19 and 28 February, 5 and 9 March, 21 April and 2 May 2022) and the Nomination Committee meeting on 21 March 2022. Several participants joined meetings by phone in individual cases; no meetings were held purely as telephone conferences during the reporting period. Average attendance at Supervisory Board meetings and committee meetings was approximately 90 % during the reporting period. Individual participation rates are documented in the table below.

Individual attendance at meetings of the members of the Supervisory Board in 2022

	Total	Supervisory Board	Finance Committee	Audit Committee	Real Estate Committee	Personnel Committee	Nomination Committee
Prof. Dr. Rüdiger Grube	100 %	8 / 8	–	–	–	12 / 12	1 / 1
Berthold Bose	80 %	7 / 8	–	–	–	9 / 12	–
Alexander Grant (since 26.07.2022)	100 %	5 / 5	2 / 2	3 / 3	1 / 1	–	–
Holger Heinzel (since 26.07.2022)	100 %	5 / 5	–	–	1 / 1	–	–
Dr. Norbert Kloppenburg	94 %	7 / 8	4 / 4	5 / 5	–	–	–
Stefan Koop (since 26.07.2022)	100 %	5 / 5	2 / 2	3 / 3	–	–	–
Thomas Lütje (until 25.07.2022)	75 %	2 / 3	–	–	1 / 1	–	–
Thomas Mendrzik (until 25.07.2022)	90 %	2 / 3	2 / 2	2 / 2	1 / 1	11 / 12	–
Dr. Isabella Niklas	80 %	6 / 8	–	4 / 5	2 / 2	–	–
Norbert Paulsen (until 25.07.2022)	80 %	3 / 3	2 / 2	2 / 2	1 / 1	8 / 12	–
Susana Pereira Ventura (since 26.10.2023)	100 %	2 / 2	–	1 / 1	–	–	–
Sonja Petersen (until 25.07.2022)	80 %	2 / 3	1 / 2	1 / 2	–	–	–
Franziska Reisener (since 26.07.2022)	100 %	5 / 5	–	–	1 / 1	–	–
Andreas Rieckhof	95 %	7 / 8	–	–	–	12 / 12	1 / 1
Dr. Sibylle Roggencamp	96 %	7 / 8	4 / 4	–	2 / 2	12 / 12	1 / 1
Prof. Dr. Burkhard Schwenker	95 %	7 / 8	4 / 4	5 / 5	2 / 2	–	–
Maya Schwiegershausen-Güth (until 30.09.2023)	63 %	5 / 6	0 / 1	0 / 1	–	–	–

Corporate governance

The declaration of compliance with the GCGC in accordance with Section 161 AktG was prepared together with the Executive Board at the **Audit Committee meeting** on **11 November 2022** and adopted by the Supervisory Board at its meeting on **12 December 2022**. The current declaration of compliance and further information about corporate governance can be found in the management report declaration on corporate governance. 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 subsequent 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 inductions or training sessions are provided to cover HHLA's business activities or other relevant topics. In the course of its work, the Supervisory Board is kept informed of relevant topics such as new legal requirements or accounting standards. In the reporting period, key topics included onboarding and further training for the entire Supervisory Board on the theme of sustainability (including sustainability reporting and auditing), namely, the relevant sustainability requirements currently in force or in the pipeline, and the implementation thereof.

Audit of financial statements

In line with the Audit Committee's recommendation and the Supervisory Board's nomination, the Annual General Meeting on 16 June 2022 elected PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Hamburg (PwC) to conduct the audit of the Annual and Consolidated Financial Statements for the 2022 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 2022 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 2022 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 2022 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 2022 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 2022 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.”

The auditor also reviewed the combined separate non-financial statement in line with Section 315c and Section 289c to e HGB to achieve a limited degree of certainty, reported the review findings and issued an unqualified opinion. Finally, the auditor subjected the remuneration report for the 2022 financial year to a material audit exceeding 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 17 March 2023 and at the Supervisory Board’s financial statements meeting held on 21 March 2023. 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 auditor's report along with the audit procedures used and the conclusions regarding the accounting-related internal control and risk management system. Finally, they 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 2022 financial year. Accordingly, we approved the Annual Financial Statements, the Consolidated Financial Statements and the combined management report at our meeting on 21 March 2023. HHLA’s Annual Financial Statements for the 2022 financial year have therefore been adopted. Following our review, we 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 statement.

The Executive Board's proposal for appropriation of the distributable profit was analysed 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 17 March 2023 and at the Supervisory Board's meeting on 21 March 2023. 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 € 2.20 per dividend-entitled class S share be distributed from distributable profit for the 2022 financial year.

Personnel changes

Scheduled Supervisory Board re-elections took place in the 2022 financial year. The existing members were re-elected by the shareholder representatives for an additional term of office. In terms of the re-election of employee representatives, previous members Thomas Lütje, Thomas Mendrzik, Norbert Paulsen and Sonja Petersen stepped down. In their place, the workforce elected Alexander Grant, Holger Heinzel, Stefan Koop and Franziska Reisener as new members of the Supervisory Board. Prior to taking up a Supervisory Board mandate with the Eurogate Group – a major competitor of HHLA – Maya Schwiegershausen-Güth, who had been re-elected by the workforce for an additional term of office, stepped down from the HHLA Supervisory Board on 30 September 2022. Susana Pereira Ventura was appointed in her place by order of the Hamburg Local Court.

There were no changes to the Executive Board in the reporting period. As announced in 2022, Dr. Roland Lappin stepped down from the Executive Board on 31 January 2023. The Supervisory Board initiated the necessary steps for finding a successor during the reporting period. Following preparations by the Personnel Committee, Tanja Dreilich was appointed to the Executive Board effective 1 January 2023 for an initial period of three years. She took over the role of Chief Financial Officer from Dr. Roland Lappin as of 1 February 2023.

On behalf of the whole Supervisory Board, we would like to thank our departing Supervisory Board members for their valued contributions. We would particularly like to single out Dr. Roland Lappin and thank him for his many years of dedicated service.

Finally, on behalf of the Supervisory Board, I would like to take the opportunity to thank the members of the Executive Board and workforce for their hard work in the 2022 financial year, and our shareholders and business partners for the trust they have placed in us.

Hamburg, 21 March 2023

The Supervisory Board

Prof. Rüdiger Grube
Chairman of the Supervisory Board

Members of the Supervisory Board

For current and past members during the reporting period, as well as committee members, please also refer to the Notes to the consolidated financial statements, no. 49, Board members and mandates

Prof. Dr. Rüdiger Grube

Chairman
Managing Partner of Rüdiger Grube International Business Leadership GmbH

Berthold Bose*

Deputy Chairman
Chairman of ver.di disctrict Hamburg

Alexander Grant*

Employee in the area of information and planning systems

Holger Heinzel*

Director of finance and controlling

Dr. Norbert Kloppenburg

Consultant für international investments and financing

Stefan Koop*

Speaker of the Group works council of HHLA

Dr. Isabella Niklas

Managing Director of HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH

Franziska Reisener*

Member of the joint works council of HHLA

Andreas Rieckhof

State secretary at the Ministry for Economy and Innovation of the Free and Hanseatic City of Hamburg

Dr. Sibylle Roggencamp

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

Prof. Dr. Burkhard Schwenker

Chairman of the Advisory Council of Roland Berger GmbH

Susana Pereira Ventura*

Director ITF Contract Office Germany, ver.di

* Employee representative

HHLA share

Key figures

in €, listed class A shares, Xetra	2022	2021
Closing price	11.90	20.56
Performance in %	- 42.1	11.5
Highest price	21.06	22.34
Lowest price	10.98	17.80
Average daily trading volume	51,100	63,998
Dividend[1]	0.75	0.75
Dividend yield as of 31.12. in %	6.3	3.6
Number of shares	72,514,938	72,514,938
Market capitalisation as of 31.12. in € million	862.9	1,490.9
Price-earnings ratio as of 31.12.	10.5	14.4
Earnings per share	1.13	1.43

1 Dividend proposal for the 2022 financial year

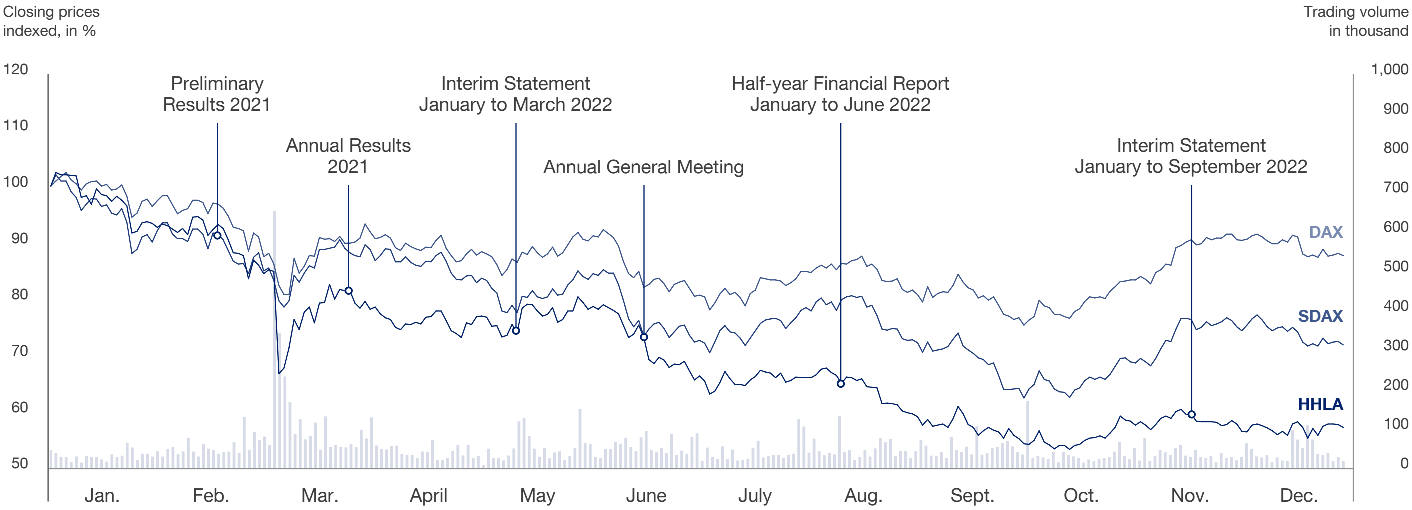
DAX down at year-end

During 2022, the stock markets were mainly influenced by geopolitical crises as well as concerns about interest rates and inflation. There were significant global losses on the stock markets and the German benchmark index DAX had its worst run in four years. These developments were primarily attributable to the Russian invasion of Ukraine in February 2022, which triggered price spikes for energy and drove inflation in Germany to a record high. Furthermore, global value chains are still experiencing disruptions: coronavirus infections, supply issues, material bottlenecks and labour shortages have all affected companies' productivity and pushed prices up. In view of these developments, the central banks took action and made a succession of significant interest rate hikes following an extended period of monetary easing. This fuelled concerns of a recession and had a dampening effect on the stock market. In late September, the German DAX reached a year-low of under 12,000 points, having started the year well above 16,000 points. At year-end, the German stock market barometer consolidated at just under 14,000 points and closed on 30 December 2022 with a year-on-year loss of 12.3 %. In 2021, the DAX had grown by 15.8 %.
The SDAX also recorded double-digit losses, down by 27.3 % on the previous year.

HHLA share under pressure on several fronts

The HHLA share started the year at a high of € 21.06 but was unable to escape the effects of the depressed market environment. The Russian invasion of Ukraine on 24 February led to an immediate drop in the share price. The reasons for this were shareholder concerns about HHLA's container terminal in the Ukrainian port of Odessa, as well as the presumed high proportion of Russian throughput volumes handled by HHLA which would be affected by tougher EU sanctions against Russia. In early March, an analyst assessment of the potential negative impact of the Russia-Ukraine war on HHLA's business against the backdrop of a highly uncertain market environment triggered a sharp fall in the share price. The proactive publication of a company statement was only partially successful in averting a massive drop in the share price. In addition, the share price was hampered by rising inflation. In June, strikes related to ongoing collective bargaining negotiations for the German seaports spread uncertainty among investors. In early October, the share drew attention due to the critical – and not always entirely objective – debate regarding the minority shareholding of COSCO Shipping Port Limited (CSPL) in the operating company of the Hamburg Container Terminal Tollerort (CTT). During this time, the share registered a year-low of € 10.98. The compromise with the German government found in late October in the form of investment protection agreements was welcomed by the capital market. The share recovered slightly in an increasingly positive market environment but was unable to regain the ground it had lost since the start of the year. As a result, the HHLA share closed the year on 30 December 2022 with a loss of 42.1 % at € 11.90. For more information on the share price performance and the HHLA share, please visit www.hhla.de/investors.

Share price development 2022



Source: Datastream

Virtual Annual General Meeting

The Annual General Meeting was once again held as a virtual event on 16 June 2022. The shareholders formally approved the actions of HHLA's Executive Board and Supervisory Board for the 2021 financial year. The proposal of the Supervisory Board and Executive Board to issue a dividend of € 0.75 per listed class A share (previous year: € 0.45) was also approved. HHLA distributed dividends to its class A shareholders totalling € 54.4 million (previous year: € 32.3 million). The dividend payout ratio of 53 % was therefore at the lower end of the dividend payout range of 50 to 70 % of the annual net profit after minority interests. The dividend was paid out to the shareholders on 21 June 2022. Based on its closing price of € 15.04 on the day of the Annual General Meeting, the HHLA share achieved a dividend yield of 5.0 %.

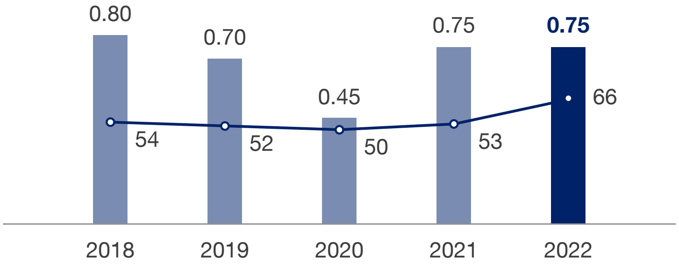
Dividend proposal for 2022 financial year

At the Annual General Meeting on 15 June 2023, the HHLA Executive Board and Supervisory Board will propose a dividend of € 0.75 per dividend-entitled class A share.

At € 54.4 million, the payout amount would be unchanged from the previous year. 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 € / payout ratio in %



2022: Dividend proposal

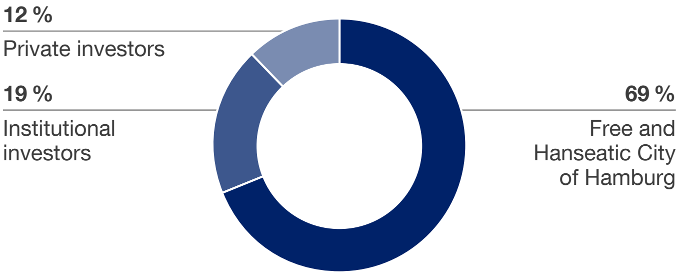
Shareholder base still widely spread

HHLA's shareholder base remained largely stable in 2022. In terms of the listed class A shares, the Free and Hanseatic City of Hamburg remained the company's largest shareholder with an unchanged stake of 69.2 %.

As of 31 December 2022, the **free float** portion amounted to 30.8 % (previous year: 30.8 %). According to the voting rights notifications submitted to HHLA at the end of 2022, 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 19.2 % of all shares (previous year: 21.1 %). The proportion of nominal capital held by private investors increased by two percentage points to 11.6 % (previous year: 9.6 %).

Shareholder structure

as of 31.12.2022



Source: Share register

Classes of shares at HHLA

The HHLA Group's nominal capital comprises two different classes of shares: **class A shares** (for the Port Logistics subgroup) and **class S shares** (for the Real Estate subgroup). The share classes are based on the Group structure, which was established in preparation for the IPO and reflect the HHLA business model. Only the class A shares for the Port Logistics subgroup are admitted for trading on the stock exchange and can be acquired. The class S shares for the Real Estate subgroup are not listed on the stock exchange and are wholly owned by the Free and Hanseatic City of Hamburg (FHH). They are not traded on the stock exchange. The reason for this is that the class S division also pursues objectives relating to urban development (such as maintaining UNESCO World Heritage status), which are only compatible with the requirements of the capital market to a limited extent.

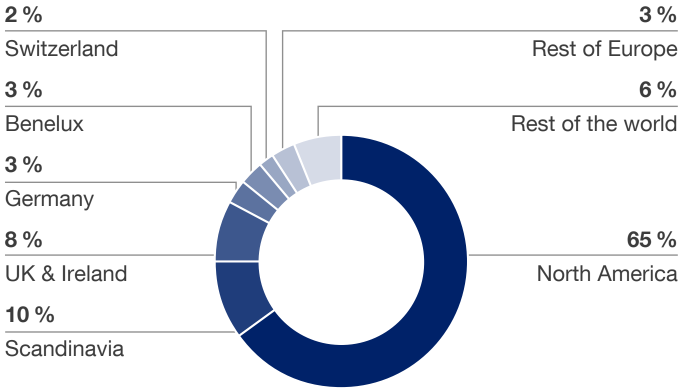
Dialogue with capital market maintained

Rapid response times and an open dialogue with financial analysts and investors continued to play a significant role in HHLA's investor relations activities in 2022, given the volatile industry environment. In order to serve the needs of both institutional and private investors and to maintain its dialogue with investors, HHLA used a wide range of digital formats. In addition, the Chief Financial Officer and IR team attended a total of ten capital market conferences (previous year: nine). 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.

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 addition to the progress of the Container segment's efficiency programme and the automation of the Container Terminal Burchardkai (CTB), key topics for the capital market in 2022 included the impact of inflation, the potential partnership with container terminals in the German Bight, the stake of COSCO Shipping Ports Limited (CSPL) in Container Terminal Tollerort and the effects of the war in Ukraine.

Institutional investors by region

as of 31.12.2022



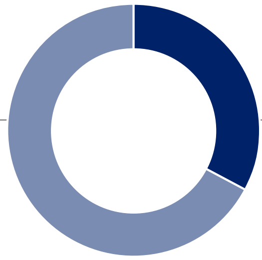
Source: HHLA / Shareholder ID

HHLA share still of interest for analysts

The number of financial analysts actively covering HHLA's business development and issuing research reports and recommendations fell slightly to six in the course of the year. As of the reporting date, two analysts recommended buying the share. They emphasised in particular the above-average growth of the Intermodal business and the long-term increase in profitability of the Container segment. Those analysts who recommended holding the share primarily see from low cost flexibility and persistently fierce competition among the North Range ports. In addition, some analysts assume that storage fees, which had risen due to supply chain disruption, is likely to return to normal levels in the Container segment in 2023 due to a weak global economy and lower volume growth.

Recommendations by financial analysts

as of 31.12.2022



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.

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 order to underline the relevance of non-financial topics for HHLA in its reporting, HHLA is reporting the non-financial statement as part of the Group management report from this year onwards. HHLA's reporting goes beyond the legally required information in the non-financial statement and is essentially based on the internationally recognised reporting standards of the Global Reporting Initiative (GRI). Non-financial reporting

HHLA also champions the 17 Sustainable Development Goals (SDGs) adopted by the United Nations. Corporate and sustainability strategy

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). In the CDP ranking for the 2021 financial year, HHLA achieved a "C" rating. www.hhla.de/en/investors/equity-story/esg-investments

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

Combined management report

* Part of the non-financial report

About this report

The HHLA Annual Report is published every year, most recently on 24 March 2022. The most recent sustainability report was published as part of the Annual Report. From **the 2022 financial year onwards, the report has been restructured**. The non-financial information previously published separately in the sustainability report is now included in the combined management report.

The **combined management report** covers the business developments at both the HHLA Group (HHLA) and Hamburger Hafen und Logistik Aktiengesellschaft (HHLA AG). Unless otherwise stated, the key figures and information in this report comprise the entire consolidated group. Notes to the consolidated financial statements, no. 3 Composition of the Group

The **reporting period** is the 2022 financial year (1 January to 31 December 2022). 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.

Data collection is carried out by 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). Further information on IFRS is provided 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

Unless otherwise indicated, the entire combined management report was audited with reasonable assurance by PricewaterhouseCoopers (PwC). Auditor’s report. Independent auditor’s report

Furthermore, the combined management report contains the **non-financial statement (NFS)** as per Section 315b, 315c and 289c to 289e HGB. This includes the disclosures within the scope of the European Union Taxonomy (2020/852). Non-financial statement

The audit of non-financial statement elements that are not part of the statutory audit of the Group management report was performed with limited assurance. Auditor’s report They are marked as follows in the document:

Audit with limited assurance

Content in blue brackets is audited with limited assurance.

The non-financial statement also contains supplementary non-financial information that is not legally required but is included in the non-financial statement for reasons of transparency. These sections were not subjected to a content-related audit and are marked in the document as follows:

Not audited

Content in grey brackets was not subjected to a content-related audit.

Basic Group information

Group structure

Hamburger Hafen und Logistik AG (HHLA) is one of Europe's leading port and logistics group. 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 pursues 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 36 domestic and 27 foreign **subsidiaries and associated firms**. In the 2022 financial year, HHLA increased its group of consolidated companies with a view to optimising its Intermodal business and expanding its digital activities. As a result of insolvency proceedings, one company in the Logistics segment was deconsolidated. No other significant legal or organisational changes were made. Notes to the consolidated financial statements, no. 3 Composition of the Group

Group overview

HHLA

SUBGROUP
Port Logistics[1]
Listed class A shares

SEGMENT
Container

SEGMENT
Intermodal

SEGMENT
Logistics

SUBGROUP
Real Estate
Non-listed class S shares

SEGMENT
Real Estate

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 %

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

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

100 %

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 links 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**, which pools the Group's container handling operations, 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 the Ukrainian port of Odessa (CTO), Muuga in Estonia (TK Estonia, near Tallinn) and Trieste in 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 revenue. As a further key element of HHLA's vertically integrated business model, 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 standalone 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 consultancy and management services for clients in the international port and transport industry. New business activities for process automation, airborne logistics services and digital services, particularly for the Intermodal segment, 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 business 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 the commercial and technical facility management of properties in the Port of Hamburg's peripheral area, which includes 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 292 thousand square metres of commercial space. Other properties spanning approximately 64 thousand square metres are managed by Fischmarkt Hamburg-Altona GmbH in the fish market area on the river Elbe's northern banks.

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", under 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 to 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. In particular, these include 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 EU Directive on railway safety (Directive 2016/798), together with the national executive orders and implementing legislation. In particular, these include regulations governing the licensing of rail companies, the use of railway infrastructure and the associated fees as well as rail operation, safety and maintenance. 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, regulates 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, as well as to safeguard human rights along the supply chain.

Market position

With its listed core business Port Logistics, HHLA competes with other companies on the European market for sea freight services. By establishing new locations for handling activities both in the Mediterranean and Baltic regions, as well as continuously optimising and expanding its Intermodal network, HHLA has been able to leverage the growth potential of its respective markets over recent years. Major Central and Eastern European countries have strengthened their competitive edge over the past few years, laying the foundations for economic growth. During the 2022 financial year, growth was largely shaped by geopolitical conflicts, particularly the war in Ukraine, and the trends in raw material and energy prices.
Economic environment

Container segment

Factors affecting competition

The competitive position of a terminal operator is determined by geographical location and the hinterland links of a port as well as its **accessibility from the sea**. 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 between the port and its hinterland (in terms of frequency, punctuality and pricing) and therefore the range of **integrated transport solutions**.

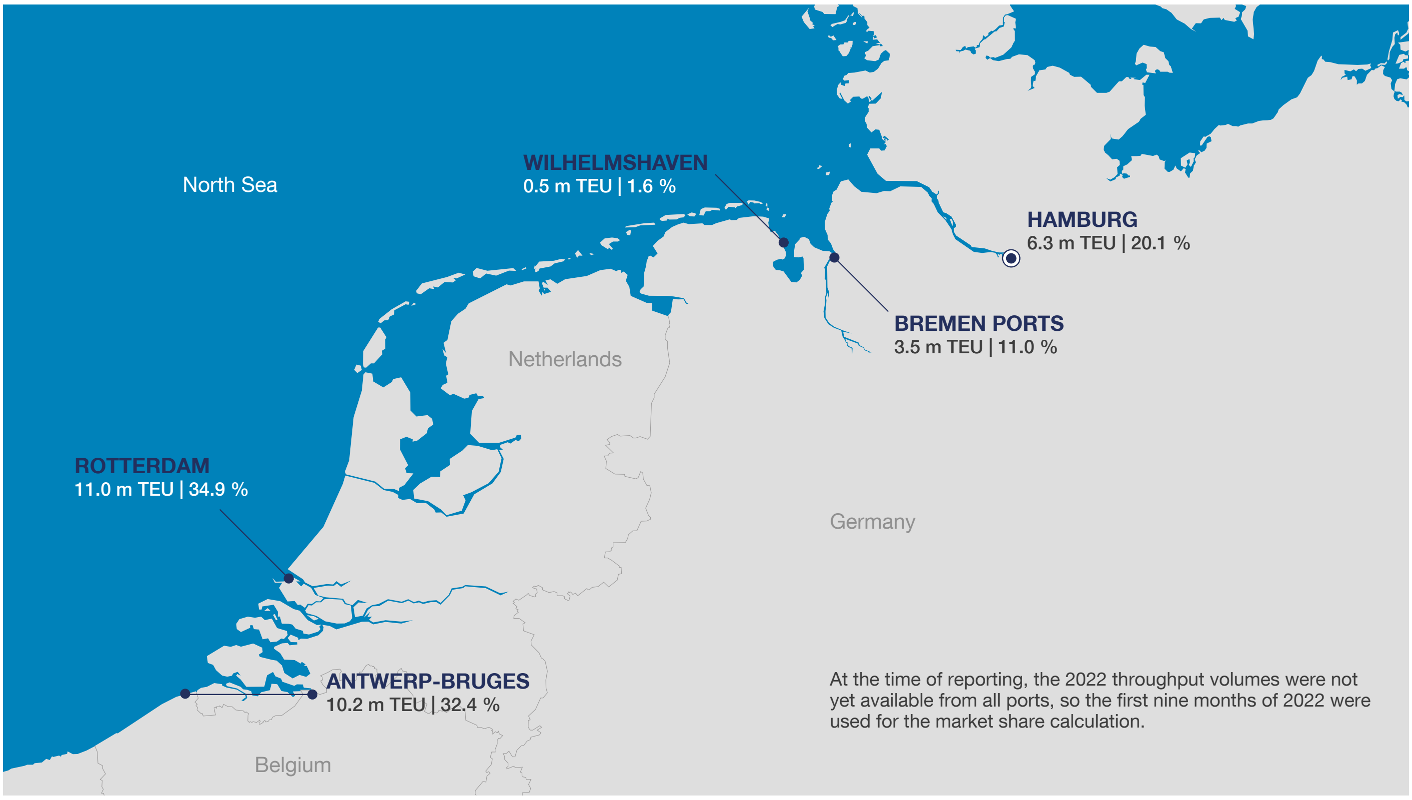
Competition remains extremely fierce in Northern Europe and ports are increasingly influenced by changing shipping company constellations, alliances and participations in terminals. A distinction must be made here between overseas traffic (i.e. ocean transport from distant regions, such as Asia or North America, to Northern Europe) and feeder traffic, which redistributes cargo from the major North Range seaports to the Baltic, for example. The shift resulting from new shipping company constellations, alliances and participations in terminals towards more geographically flexible feeder traffic is having an impact on handling volumes. By contrast, handling volumes of overseas traffic that are tied to the port's natural catchment area are relocated less frequently. Competition in the more remote hinterland served by rail transport, for example, is becoming increasingly fierce.

Competitive environment

The market for port services of significance to HHLA on the **Northern European coast (the North Range)** is characterised by its high concentration of ports. Competition is particularly strong between the four largest North Range ports of Rotterdam, Antwerp-Bruges, Hamburg (HHLA’s main hub) and the Bremen ports. As of 2022, the ports of Antwerp and Zeebrügge operate together as the Port of Antwerp-Bruges, making it the second largest container port in Europe. Wilhelmshaven also underwent a change in the 2022 financial year. Hapag-Lloyd acquired a 30 % stake in the JadeWeserPort in Wilhelmshaven from APM Terminals.

Container throughput at the North Range ports

Handling volumes and market shares 1–9 | 2022

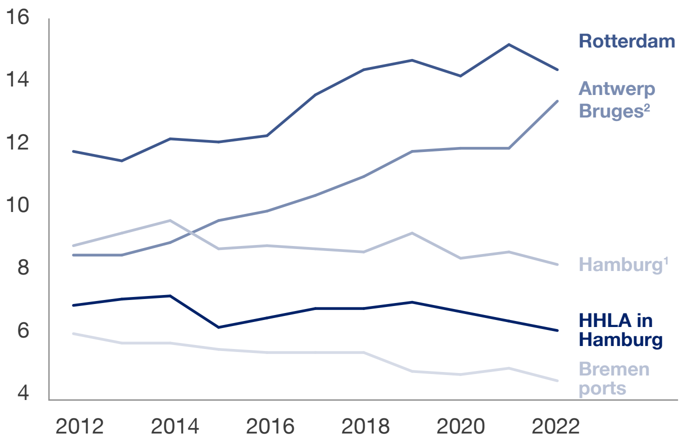


Source: Port Authorities / market shares according to own calculation

As the most easterly North Sea port, the Port of Hamburg's position 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 container throughput of 8.3 million TEU, Hamburg is expected to rank 19th among ports worldwide in 2022, cementing its status as the third-largest European container port after Rotterdam and Antwerp-Bruges. In the Port of Hamburg, HHLA is a direct competitor of Eurogate, particularly with regard to overseas services: HHLA operates three container terminals in Hamburg, while Eurogate operates one. With a throughput volume of 6.2 million TEU in the 2022 financial year, HHLA remained the largest container handling company in the Port of Hamburg and was able to expand its market share there to 75.2 % (previous year: 74.5 %). The major shipping regions were Asia, North America, Scandinavia and the Baltic region.

Container throughput at the North Range ports

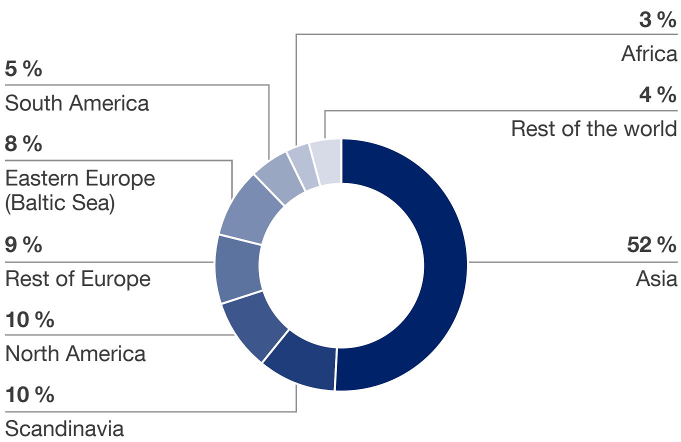
in million TEU



Source: Port Authorities;
1 incl. HHLA,
2 incl. Zeebrügge since 2022

Container throughput by shipping region

in the Port of Hamburg in 2022



Source: Hamburg Hafen Marketing e.V.

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 also used by ocean-going vessels. Despite a temporary dip in 2022, Gdansk in particular has shown strong growth and become a serious competitor within the network system. The expansion of the port is also continuing.

With HHLA TK Estonia, HHLA has been operating one of Estonia's most important multi-function terminals near Tallinn since 2018. Due to the wide range of services, including container handling and the processing of RoRo traffic, as well as general cargo and bulk cargo, the terminal is very well positioned. To provide a further boost to container handling, two larger container gantry cranes were transported from their prior location at Container Terminal Burchardkai (CTB) to the Port of Muuga in 2022, where they went into operation.

HHLA TK Estonia is also actively involved in the “Amber Train” project that aims to significantly strengthen intermodal transport and create a new rail corridor between Northern and Western Europe via the Baltic states.

The **Adriatic region** with ports such as Koper and Trieste has also developed dynamically in recent years. Having acquired a majority shareholding in the multi-function terminal “Piattaforma Logistica Trieste” (PLT) in Trieste in 2021, HHLA has positioned 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. In the past year, two container services were gained which brought regular volumes to Trieste.

The Container Terminal Odessa (CTO) on the Black Sea is of strategic importance as the biggest container terminal in Ukraine. It has been operated by the HHLA Group since 2001 and previously handled bulk cargo, general cargo and project cargo in addition to containers. With the outbreak of the war in Ukraine in February 2022, seaborne handling at the CTO came to a standstill. All that was possible was the partial loading of grain ships to comply with international agreements. In addition, alternative intermodal logistics routes were established in the hinterland. Given the current geopolitical situation and the restricted business operations, it remains difficult to assess the market environment.

Intermodal segment

Competitive factors

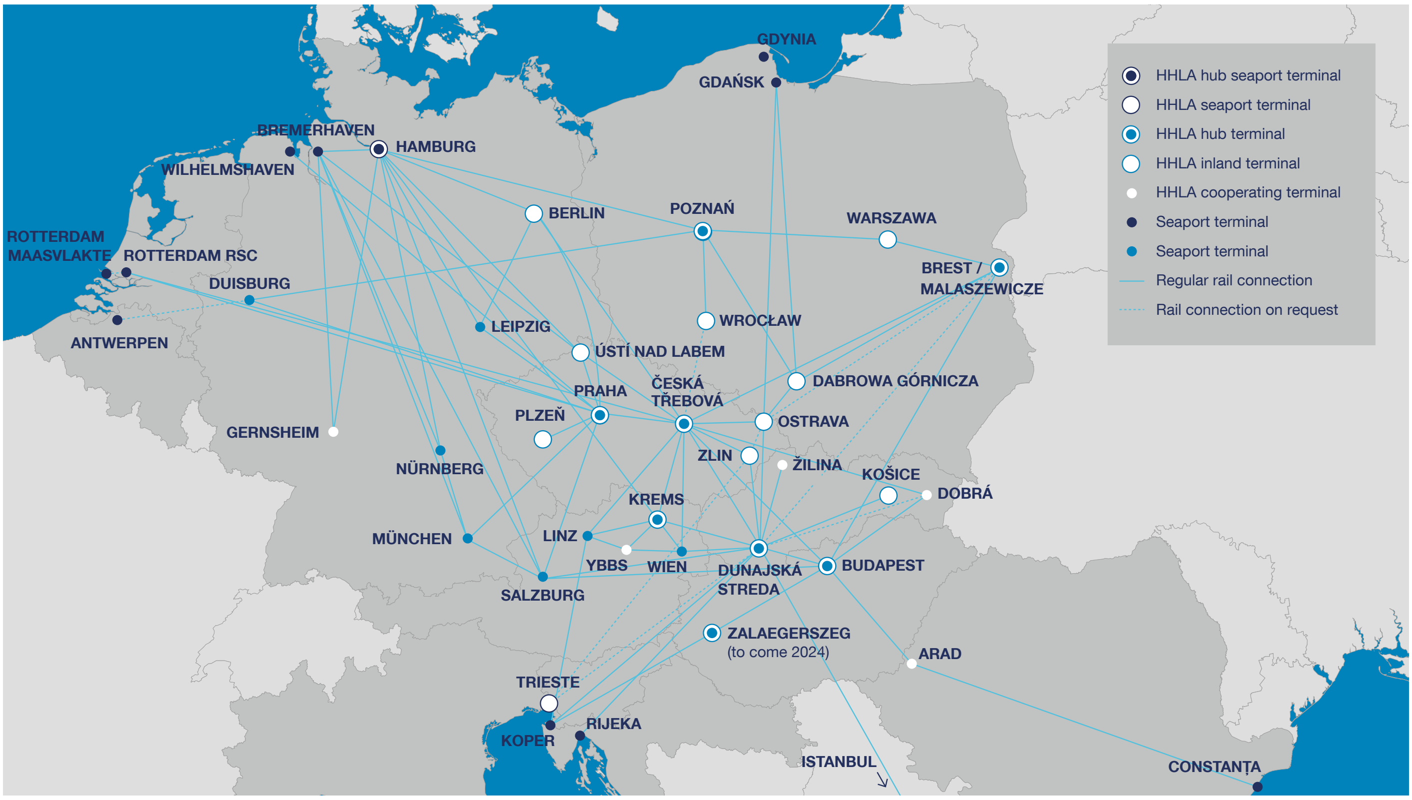
In addition to the density of the available network, key competitive factors for intermodal transport – which is becoming increasingly significant in terms of the competition between ports – include the frequency of departures, opportunities for freight pooling and storage in the hinterland, the geographical distance to destinations, punctuality and infrastructural capacity.

Competitive environment

With regard to container transport by train, the state railway companies compete with a variety of private rail operators and intermodal transport firms, as well as with other carriers such as trucks and barges or feeder ships. As rail infrastructure is mainly publicly owned, various national authorities guard against discrimination in terms of both access and usage fees.

Intermodal network of HHLA

Selected connections



HHLA operates proprietary inland terminals in Central and Eastern Europe along with its own container wagons and traction fleet (locomotives), all of which are central to the company's service offering. This is necessary to enable HHLA 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.

Logistics segment

The Logistics segment serves various market sectors, some of which are highly specialised. With its multi-function terminal Unikai, 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 through its Frucht- und Kühl-Zentrum. The portfolio also includes consulting and management services for clients in the international port and transport industry. New business activities in process automation, airborne logistics services and digital services, particularly for the intermodal segment, complete the portfolio.

Real Estate segment

With a population of approximately 1.9 million and its importance as a major economic centre, Hamburg is one of the largest property markets in Germany for the non-listed Real Estate segment. What makes its 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 careful handling of its landmarked buildings with world heritage status. These properties compete with German and international investors marketing high-quality properties in comparable locations.

Business partners and customers

In its relationships with business partners, HHLA strives for integrity, fairness, responsibility and sustainability. To minimise the risks that may occur at the start of and during business relationships, HHLA uses 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. Risk and opportunity management

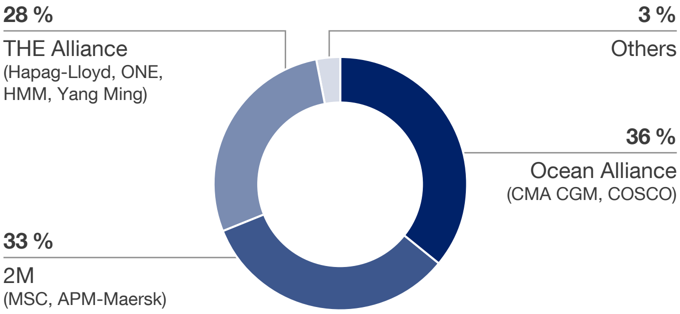
Customer structure

The customer base in the **Container segment** consists mainly of shipping companies and freight forwarders. Globally operating container shipping companies account for the largest share of revenue.

In addition to regular changes to the network, the customer structure in the Container segment has been influenced by consolidation in the container shipping industry in recent years. Since they were established in 2017, the major shipping line alliances OCEAN Alliance, 2M and THE Alliance have dominated the market. In April 2020, the South Korean shipping company HMM joined THE Alliance as its fourth full member. Other than this, there have been no mergers or acquisitions among the top ten container shipping companies in recent years.

Capacity share by shipping line alliance

on Far East–Europe services as of 31.12.2022



Source: Alphaliner Monthly Monitor, January 2023

APM-Maersk and MSC, the shipping companies of the 2M Alliance, announced in January 2023 that they would not be extending their contracts and that the partnership would end in 2025. The OCEAN Alliance contract runs until 2027, while the contractual partnership of THE Alliance runs until 2030.

In the reporting year, HHLA's customer base included all of the world's top ten container shipping companies.

Top 10 shipping companies by transport capacity

	Shipping company	Alliance	thousand TEU
1.	MSC	2M	4,601
2.	APM-Maersk	2M	4,228
3.	CMA CGM Group	OCEAN Alliance	3,393
4.	COSCO Group (incl. OOCL)	OCEAN Alliance	2,872
5.	Hapag-Lloyd	THE Alliance	1,783
6.	Evergreen Line	OCEAN Alliance	1,662
7.	ONE	THE Alliance	1,529
8.	HMM (Hyundai Merchant Marine)	THE Alliance	816
9.	Yang Ming	THE Alliance	707
10.	ZIM	–	534

Source: Alphaliner Monthly Monitor, January 2023

New orders of container ships remained high in the reporting year, although not quite matching the order levels of 2021. Half of the ships ordered in 2022 will be equipped with alternative propulsion systems. This proportion was much lower in the previous year. Orders are distributed across all ship classes. The number of ships with a capacity of over 18,000 TEU, primarily used for the Far East–Northern Europe routes so critical to Hamburg, is set to rise significantly: 32 new ships are expected in 2023, with a further 21 ships in this class on the shipyards' books for 2024 and 2025.

In ship handling, HHLA's container terminals work with shipping companies on a generally neutral basis (multi-user principle) and offer a wide range of high-quality services. Shipping companies hold two non-controlling interests in HHLA. The shipping company Hapag-Lloyd holds a non-controlling interest of 25.1 % in the HHLA Container Terminal Altenwerder (CTA). Meanwhile, the Grimaldi Group holds a 49 % stake in the HHLA multi-function terminal Unikai, which is attributed to the Logistics segment.

As part of a planned partnership between HHLA and the shipping company China Ocean Shipping Company (COSCO), COSCO SHIPPING Ports Limited (CSPL), a member of the COSCO Shipping Group, is aiming to acquire a non-controlling interest in the HHLA Container Terminal Tollerort (CTT). This would make CTT a “preferred hub” for COSCO SHIPPING Lines in Europe. After HHLA and COSCO came to an arrangement following a standard investment review with the German Federal Ministry for Economic Affairs and Climate Action regarding the details of COSCO's participation rights, the parties are now striving to finalise the transaction as quickly as possible.

These kinds of investments in container terminals by shipping companies are widespread in the industry and standard practice. They aim to tie cargo volumes to the port over the long term, to optimise terminal capacity and to strengthen supply chains.

Shipping companies and forwarders are also the main clients of the **Intermodal segment**. As one of the leading providers of intermodal services, HHLA's rail subsidiary METRANS assumes a neutral role in the intermodal market, which is characterised by an established number of public and private providers.

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 in Hamburg to German and international customers from a variety of sectors: from logistics and trading companies to media, consulting and advertising agencies, fashion labels, hotels and restaurants, and companies in the creative sector.

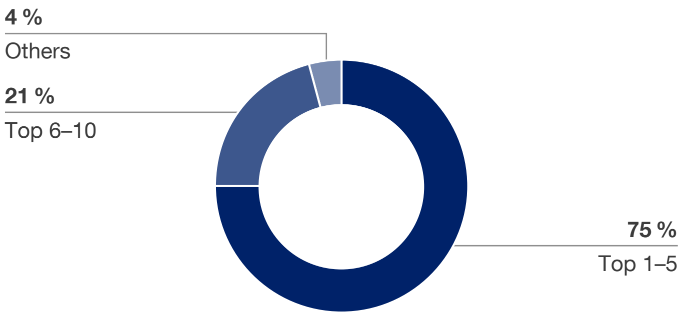
Sales activities

As far as possible, all of HHLA's sales activities follow the strategic approach of vertical integration, i.e. offering comprehensive transport and logistics services from a single source. This strategic approach is pursued by means of intensive, cross-segment dialogue between the sales organisations, joint customer visits and by attending events in the hinterland of seaports.

Sales activities in the **Container segment** are organised by means of key account management. The revenue share attributable to HHLA's five most important customers of its Hamburg container terminals changed only marginally in the 2022 financial year to 75.1 % (previous year: 75.3 %). The revenue share attributable to the ten most important customers of the Hamburg terminals rose slightly to 96.1 % (previous year: 95.7 %). HHLA has maintained commercial relationships with the majority of its most important customers for well over two decades. HHLA concludes multi-year framework contracts with its shipping customers that set out both the scope and the 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.

Revenue distribution by customer

of the container terminals at the main hub of Hamburg in 2022



In the **Intermodal and Logistics segments**, sales are generally managed locally by the individual companies. As a rule, no contracts are concluded regarding transport services; instead, the current transport or service requirements are provided to order.

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.

Procurement and supplier management

Remit and strategic objectives

HHLA Group purchasing supports corporate strategy by means of its professional management of procurement activities. Purchasing 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. Purchasing is a shared service provided by the Group's management holding company in Hamburg and deals with procurement activities on behalf of the majority of its domestic majority holdings. It also 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 fully as possible.

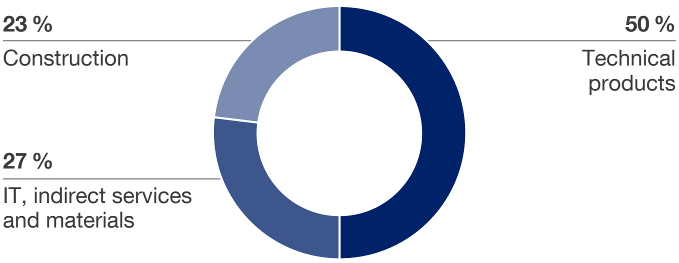
Pioneering solutions are developed for the Group in close partnership with Operations and Engineering. In the process, HHLA draws on strategic and cooperative collaborations with select business partners. The aim is to establish a consolidated supplier base characterised by maximum value added, top quality and optimum life cycle costs. In addition to economic aspects, great importance is attached to sustainable procurement, which begins with the careful selection of suppliers. In the supplier qualification process, suppliers submit a self-disclosure confirming that they fulfil the quality standards of HHLA in the fields of sustainability, compliance, procurement and occupational health and safety.

Product groups and volumes

The portfolio covers a wide spectrum, divided into three main product groups: technical purchasing, construction purchasing as well as information technology (IT) and indirect purchasing. **Technical purchasing** deals with the procurement of port handling equipment and energy products and covers material procurement as well as the procurement of services needed to service and maintain terminals and technical components. The **construction** department is responsible for the product groups of construction above and below ground, railway construction and facility management. In addition to project management services, these areas also include the corresponding planning and engineering services as well as maintenance and repair services. The major topics covered by the **IT and indirect purchasing** department are information technology services, software, hardware and telecom products. Indirect purchasing covers consultancy, marketing and HR services, office materials and personal protective equipment, among other things.

Procurement volumes

in the HHLA Group in 2022



The **procurement volume** of the HHLA Group amounted to around € 376 million in 2022 (previous year: € 232 million) and was distributed among the above-mentioned groups.

Given the high proportion of investment projects, the volume was much higher than in previous years.

Selection of suppliers and service providers

When selecting partners, great importance is attached to sustainability and compliance as well as financial stability, quality, reliability and innovative flair. HHLA requires its suppliers and service providers to comply with its **Supplier Code of Conduct**, which can be found on the HHLA website. The Code covers the topics of human rights, occupational health and safety, environmental protection and sustainability as well as appropriate conduct in a business environment. In 2022, 79.4 % of the procurement volume was placed with suppliers who had pledged to comply with the requirements.

Overall, the procurement volume was divided between **1,965 active suppliers** during the reporting period. Around 34 % of the volume was placed with suppliers based directly in Hamburg. Around 69 % of the procurement volume was distributed between business partners in Germany. The supplier structure is generally highly dependent on our requirements. As a result of high-quality investments as part of the transformation process, the supplier structure shifted significantly in 2022 in favour of non-European suppliers and service providers.

Our subsidiaries and departments are also increasingly adopting **sustainability standards** in their list of requirements. For example, the medium-term aim of an emission-free fleet is now enshrined in our company car guidelines and environmentally-friendly drive technologies are being tested for port handling equipment with a view to optimising our carbon emissions. Innovation

The significance of sustainability is also reflected in legislation. In preparation for the **Supply Chain Due Diligence Act**, which comes into force in 2023, HHLA initiated a project to define a concept with additional measures in order to fulfil the requirements of the new law. Alongside the Sustainability and Purchasing departments, the Compliance department plays a leading role in these efforts. In future, a regular risk analysis will be carried out based on various factors in order to identify supplier risks and thus derive measures to mitigate and avoid those risks. The results will be implemented throughout the Group in 2023.

An existing element of the supplier and risk management strategy is **business partner screening** which, for example, makes it possible to check regular entries in various sanctions lists, and the supplier's obligation to comply with the German Minimum Wage Law (MiLoG). Compliance with these criteria is monitored by an **IT-based supplier management system**. This also facilitates a continual review of the degree of fulfilment and the supplier base.

Operational and strategic areas of focus

The year 2022 was also shaped by the impact of political crises and the effects of the pandemic, which were reflected in volatile prices, capacity shortages and supply chain disruption. As a result, the operational focus in terms of procurement during the reporting period was on securing our requirements and terms. In this way, preventive risk management and close dialogue with the respective departments enabled the company to make any arrangements with alternative suppliers in good time, or establish such arrangements. The purchasing department also secured stock levels for critical materials and agreed long-term conditions, as in the case of electricity.

During the reporting period, the integration of the procurement activities of holdings abroad was ramped up. Purchasing provided support for major projects in the form of process expertise and the set-up and expansion of local purchasing departments, while taking on the functional management of strategic purchasing. Due to this cross-functional approach, HHLA's process standards can be implemented efficiently and effectively, for example in sourcing and supplier management.

From a strategic perspective, the topics of supplier management and risk management remain the dominant issues for purchasing. In the context of the Supply Chain Due Diligence Act, which comes into force in 2023, it will be essential to ensure processes are consistent and well-structured for our top product groups and suppliers. Similarly, the increasingly centralised nature of procurement activities and thus the representation of Group standards in the context of legal requirements will remain a key topic in this area. Another challenge is the systematic development of digital processes to optimise the effort devoted to regularly recurring activities. This transformation process was initiated with the launch of a new catalogue system, which has been in operation since 2021. The system optimises the requester's processes while boosting the automation rate. In the reporting period, for example, 61.2 % of all purchasing processes were handled fully automatically (previous year: 56.5 %). This helps us to streamline processes and ensure compliance with process standards.

Innovation

Changing expectations on the part of customers, employees and other stakeholder groups mean that also companies with established business models must continually scrutinise, develop and enhance their activities. In order to operate successfully over the long term in the dynamic and often highly volatile logistics sector, HHLA aims to meet the various needs of its customers and employees as effectively as possible through a process of continuous improvement and development of its structures and processes.

In doing so, HHLA only engages to a very limited extent in research and development in the narrower sense of the term. However, it consistently strives to develop its own innovative logistics solutions while quickly adopting product innovations and application-oriented technologies that have been successfully proven on the market. The focus is on the constant monitoring of markets and technologies in order to identify promising developments at an early stage. Due to close collaboration with technical universities, institutes, industry partners and government authorities, as well as start-ups, (joint) projects can be planned, managed and developed by working groups.

HHLA's strategic objective in doing so is to make its core business "fit for the world of tomorrow" and to tap new growth areas along the logistics chain. It focuses in particular on opportunities arising through the automation and digitalisation of logistics processes.

Fit for the world of tomorrow

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. In order to implement this, HHLA launched a comprehensive efficiency programme at the container terminals in Hamburg in 2021 that will last at least five years. This programme aims to make it easier over the medium term to establish volume leadership and to optimise the capacity utilisation of existing structures in the port of Hamburg while improving the company's price position through cost synergies. Boosting efficiency and performance will strengthen HHLA's market and competitive position over the medium term and secure the future of this site and employment over the long term. Operational efficiency, one of the key customer requirements, forms the basis for customer satisfaction and loyalty. It therefore plays a major role in ensuring the lasting economic success of the company.

The focus is on the centralisation and digitalisation of planning, administration and management tasks, the extensive automation of the terminals, and the strictly KPI-based management of service processes that are optimised on an end-to-end basis.

Adjustment of the organisational structure

A new organisational structure aims to make the end-to-end, process-optimising management of handling operations in Hamburg more rigorous in the future. The far-reaching, cross-terminal standardisation of processes, terminals and systems while realigning management roles and raising employee qualifications will create the basis for a faster-learning and permanently developing organisation.

Cross-terminal staff deployment planning at the Hamburg container terminals will form the basis for enabling the increasing flexibility and planning security required for processing vessels that are continually growing in size. New shift models are to be made digitally operational by means of a modern workforce management system.

Automation of facilities

The automation of facilities and process steps not only lowers handling costs but also increases process reliability and occupational health and safety. Examples of this include automation projects such as the introduction of AGVs (automated guided vehicles) at Container Terminal Burchardkai (CTB) for the horizontal transportation of containers and automatic truck handling for more efficient truck processing.

By switching to the new yard crane system, we are not only able to make much more efficient use of space, but also to boost the productivity of the container terminal. Furthermore, electrified yard cranes are another investment in the sustainable future of HHLA as the use of electricity from renewable sources reduces carbon emissions. The project was funded by the European Regional Development Fund (ERDF).

Expansion of digitalisation for process optimisation

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.

Digitalisation measures are identified and implemented using participatory methods and aligned with the Group's value creation objectives. The core areas for digitalisation opportunities are regularly analysed, with the potential added value quantified. This gives rise to the priority with which measures are to be implemented.

Tapping new growth fields

The HHLA Next innovation unit established in 2021 unites the expertise of the Group with the agility of a start-up in order to promote innovative digital concepts while actively shaping the transportation methods of the future. Its activities focus on generating new growth fields, particularly in the areas of digital end-to-end logistics processes, autonomous solutions, sustainable logistics, automated handling and intelligent and sustainable storage solutions.

The business models and products are developed by HHLA itself, in cooperation with partners and through investments in companies in the maritime logistics environment. The innovative products and business models already developed and established as independent companies in this way include HHLA Sky and modility.

HHLA Sky

HHLA Sky has developed a scalable, end-to-end drone system that allows the safe operation of drones beyond the visual line of sight (BVLOS). These 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. Among other things, the control centre is used operationally for drone flights to inspect container gantry cranes at HHLA terminals.

HHLA Sky also contributed its expertise to the UDVeo (urban drone traffic efficiently organised) research project in 2022. The project was 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 was to develop the basis for a drone management system for efficient and safe transport.

modility

modility is an online-based booking and placement portal for intermodal transport in Europe with a current focus on road and rail. The portal enables operators to market their transport capacities in a virtual marketplace for intermodal transport and offers freight forwarders a simple, fast search process and direct transport bookings. In this way, modility aims to become the central access point for intermodal transport and make it easier for companies to switch to more climate-friendly intermodal transport.

Since November 2022, the technical development has been promoted by the Federal Ministry of Transport and Digital Infrastructure (BMDV) as part of its "Future of rail freight transport" programme. The funds are intended to promote the development and integration of new functions and to open up new user groups on both the supply and demand sides.

Other development projects and funding projects

HHLA is also involved in various funding projects involving the development of innovative technologies and logistics solutions. In addition to more efficient logistics chains and the optimised networking of production and logistics, the innovations and new port technologies aim to provide carbon-neutral logistics solutions.

Project overview: Container segment

Project	Project goal	Partner	Funding	Project duration
ABC aspect	Development of a self-learning, automatic image recognition system based on an AI approach for the inspection of container container gantry cranes	Technical University Brunswick	IHATEC[1]	12/2019 – 09/2022
Cookie	Container services optimised by artificial intelligence: Optimisation of the processes for damage identification and assessment in the empty container depot with the help of artificial intelligence and 3D digital container twins through the development of adaptive algorithms for image recognition processes	Fraunhofer-Centre for Maritime Logistics and Services	IHATEC[1]	11/2019 – 07/2022
FRESH	Flexibility management and control energy provision of Heavy-duty vehicles in the port: optimisation of the charging times of an electrically powered commercial vehicle fleet through better forecasting and consideration of waiting times		Federal Ministry for Economic Affairs and Climate Protection (BMWK)	bis 03/2022
HITS-Moni	Port company-specific risk analysis, conception of methods and rules for the detection and defence against cyber attacks on on IT systems and implementation of the results in a demonstrator	University of Hamburg (Department of Computer Science) & DAKOSY	IHATEC[1]	03/2019 – 02/2022
Artificial Intelligence (AI) Initiative	Increase warehouse productivity based on AI-based prediction of container pick-up time and outbound mode of transport			
Pin-Handling-mR (mobile robotics)	Development of automated pin handling for container wagons using mobile robotics		IHATEC[1]	10/2022 – 03/2025
PortSkill 4.0	Analysis and research of the competences and qualifications needed for port work in the future in order to develop innovative learning concepts and environments as well as new education and training offers		IHATEC[1]	12/2021 – 11/2025

1 Funding programme for Innovative Port Technologies (IHATEC), funded by the Federal Ministry of Digital Affairs and Transport (BMDV).

Project overview: Intermodal segment

Project	Project goal	Partner	Funding	Project duration
Automation dispatch	Automation of truck and train handling at the terminals			
Automation Cover	Transshipment automation at the hinterland terminals as well as further Automation in the terminal, stowage and storage areas			
Digital platforms	Development of digital platforms to increase the effectiveness of traffic and optimisation of terminal operations			

Project overview: Logistics segment

Project	Project goal	Partner	Funding	Project duration
Rymax-One Quantum Optimizer	Provision of use cases from the field of logistics in order to integrate high-performance computing environments in the future and make them available to interested users via cloud access to an HPC quantum computer hybrid operation.	University of Hamburg & Fraunhofer ITWM		12/2021 – 11/2026
UniPort 4.0	Digitisation in the area of universal ports for handling various general and bulk cargoes	Brunsbüttel Ports GmbH	IHATEC	04/2019 – 01/2022

Project overview: Holding & Real Estate

Project	Project goal	Partner	Funding	Project duration
Climate neutrality in listed buildings	Research project on the generation, storage and use of energy required for real estate operation	University of Stuttgart, HafenCity University Hamburg (BIMLab), University of Aachen	Federal Ministry for Economic Affairs and Climate Protection (BMWK)	10/2021 –12/2024
TransHyDE Sub-projects "Mukran" on Rügen and "Helgoland	Development of an approach for the production, transport and use of hydrogen; testing the possibilities for transporting hydrogen in high-pressure containers as well as via the carrier medium LOHC (Liquid Organic Hydrogen Carriers).	240 partners from science and industry	Federal Ministry of Education and Research (BMBF)	

Strategy and management

Corporate and sustainability strategy

HHLA is one of Europe's leading port and logistics group with activities stretching beyond the Port of Hamburg into many parts of Central and Eastern Europe. Together with its customers, HHLA develops logistical and digital hubs for the transport flows of the future. Sustainable business practices are an integral part of HHLA’s business model: the company connects 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. By implementing its **Balanced Logistics** sustainability strategy, HHLA is highlighting its commitment to reconciling ecological, social and economic responsibility. As a result, HHLA is paving the way for sustainable growth in its enterprise value.

Transformation process

HHLA’s market environment is changing at an ever-greater pace. HHLA aims to harness this change quickly and successfully, with determination and focus. To this end, HHLA is intensifying 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 innovation**.

HHLA draws on its **creative power** to focus on the development of additional values. In this way, it aims to strengthen customer loyalty and its customer base. As it builds its **future viability**, HHLA is guided by key milestones. 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.

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.

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.

Market position

In the listed **Port Logistics subgroup**, activities to cement and expand the current market position 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. At the same time, innovative technologies and processes are used to achieve continuous improvements in quality standards. In doing so, the terminals are being developed into efficient interfaces 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. Due to 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 characterised by efficient intermodal transport from its seaport terminals to transshipment in the European hinterland and vice versa. In addition, HHLA offers its customers continental transport between European destinations. By further expanding its European network, gaining market shares in Europe and offering climate-friendly services, HHLA is pursuing the goal of increasing both the scope of its services and reach for its customers. Besides enhancing the scope and range of its services, HHLA focuses on increasing its vertical integration.

In its **Logistics segment**, HHLA pools a wide range of port-related services such as dry bulk, vehicle logistics and fruit logistics. These business fields form the foundation for the future growth of the segment. HHLA also markets its expertise in infrastructure and project development internationally.

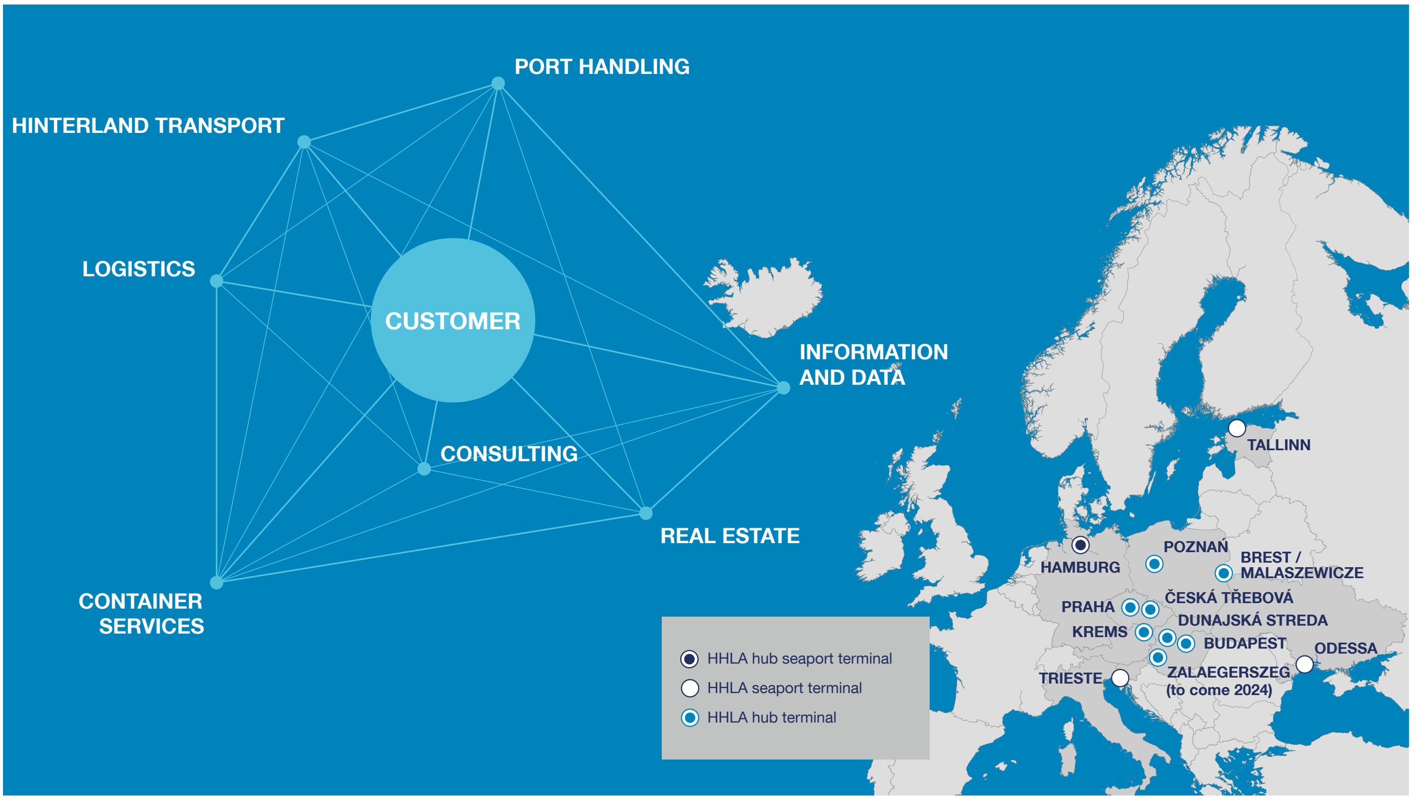
In addition, new and innovative business activities along the material and digital logistics value chain are being pursued and promoted in the Logistics segment. In response to rapid developments in the global transport and logistics sector, HHLA Next GmbH was founded in 2021 to serve as HHLA's central innovation unit and to pool its innovative and sustainable business activities. Innovation

In addition to purely organic growth, HHLA constantly explores opportunities for further acquisitions with a view to opening up new growth areas along the logistics value chain. 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.

The HHLA service network

HHLA connects its customers with maritime and continental transport streams



Sustainability as an integral part of the corporate strategy

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.

Responsible corporate governance forms the basis for implementing our sustainability strategy. This is divided into nine areas for action with an emphasis on climate-friendly logistics chains as well as land optimisation, climate protection and energy efficiency: HHLA has set itself the **target** of halving its total CO_2 emissions by 2030 and becoming climate-neutral by 2040. The base year is 2018.

In September 2015, the United Nations adopted the 2030 Agenda, formulating 17 Sustainable Development Goals (SDGs) for the world in which economic development is shaped with consideration for social justice and the earth's ecological conditions. As part of its sustainability strategy, HHLA supports all the goals, of which in particular high-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 protection measures (SDG 13) correspond to HHLA's social activities.

Balanced Logistics sustainability strategy

Field of activity	Guidelines	Sustainable Development Goals (SDGs)
Ecology: Climate friendly logistic chains	We create climate- and environmentally friendly logistics chains.	7 Affordable and clean energy; 9 Industry, innovation and infrastructure; 13 Climate action
Ecology: Area optimisation	We use the port and logistics chains as efficiently as possible.	9 Industry, innovation and infrastructure; 15 Life on land
Ecology: Climate protection and energy efficiency	We reduce our CO_2 emissions through energy efficiency and innovation.	7 Affordable and clean energy; 13 Climate action
Ecology: Environmental and resource protection	We reduce our environmental impact and conserve natural resources.	6 Clean water and sanitation; 11 Sustainable cities and communities; 12 Responsible consumption and production; 13 Climate action
Society: Working world	We invest in vocational education and training with tailored staff development programmes.	4 Quality education; 5 Gender equality; 10 Reduced inequalities
Society: Occupational health and safety	We ensure safe and fair working conditions and promote health-conscious behaviour.	3 Good health and well-being
Society: social engagement	We engage in dialogue with society to discuss and provide information on topics related to port logistics.	4 Quality education; 11 Sustainable cities and communities
Economy: Added value and innovation	We make an ongoing and significant contribution to added value and thus raise prosperity at all locations.	8 Decent work and economic growth; 9 Industry, innovation and infrastructure; 17 Partnerships for the goals
Economy: Business partner	We offer tailor-made solutions and work responsibly with our suppliers.	8 Decent work and economic growth; 16 Peace, justice and strong institutions; 17 Partnerships for the goals
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. Business ethics and integrity	

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 to plan, manage and monitor its commercial activities. No changes were made to this system in the 2022 financial year.

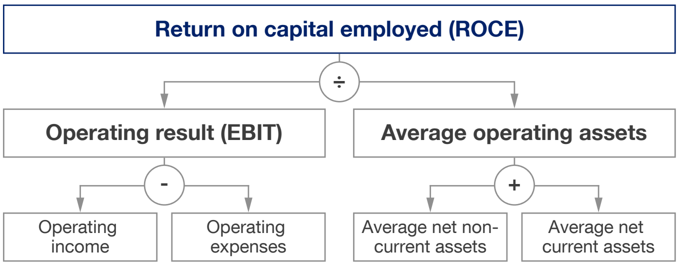
Financial performance indicators

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 EBIT and the average operating assets used.

Commercial activities are generally regarded as value-generating if ROCE exceeds the cost of capital and a positive value contribution is made. 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 2022 financial year. This minimum interest rate reflects the Executive Board’s assessment of a medium- to long-term rate of return based on 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.

Value management

ROCE – defining parameters and influential factors



Against the backdrop of a persistently challenging economic environment, the HHLA Group registered a moderate year-on-year decrease in EBIT of 3.4 % to € 220.4 million in the 2022 financial year (previous year: € 228.2 million). Earnings position

Average operating assets rose by 5.0 % to € 2,271.1 million (previous year: € 2,162.3 million). Financial position

Compared with the previous year, return on capital employed decreased slightly by 0.9 percentage points to 9.7 % (previous year: 10.6 %). The defined minimum ROCE of 8.5 % was therefore exceeded by 1.2 percentage points. The positive value contribution in the 2022 financial year amounted to € 27.4 million (previous year: € 44.4 million).

Key figures value added

in € million	2022	2021	Change
Operating income	1,634.2	1,524.6	7.2 %
Operating expenses	- 1,413.8	- 1,296.4	9.1 %
EBIT	220.4	228.2	- 3.4 %
Ø Net non-current assets	2,149.7	2,054.6	4.6 %
Ø Net current assets	121.4	107.7	12.7 %
Ø Operating assets	2,271.1	2,162.3	5.0 %
ROCE in %	9.7	10.6	- 0.9 pp
Capital costs before tax[1] in %	8.5	8.5	0.0 pp
Capital costs before tax	193.0	183.8	5.0 %
Value added in %	1.2	2.1	- 0.9 pp
Value added	27.4	44.4	- 38.4 %

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 regular 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 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.

Other non-financial performance indicators such as the number of employees, rail-bound container transport volume and absolute CO_2 emissions are recorded and evaluated on a monthly or annual basis by the internal management information system. The sustainable performance indicators are derived from HHLA's corporate and sustainability strategy.

Sustainable performance indicators

Field of activity	Key figure	Goal	Measure
Climate-friendly logistics chains	**Container transport (in TEU)** Hinterland transport plays a central role in the climate-friendly design of logistics chains. Increasing the volumes transported makes a significant contribution to this.	Increase in rail-bound transport volume to 2 million TEU by 2030	Expansion of intermodal activities
Climate protection and energy efficiency	**Absolute CO_2 emissions** In order to reduce CO_2 emissions, HHLA has been focusing on electrification and the use of electricity from renewable energies for years. Energy-efficient processes and technologies are an integral part of the measures taken.	Emissions	Emissions
Working world	**Employees (headcount)**	Safeguarding the number of employees across the Group	Expansion and targeted development of growth opportunities in the intermodal business, development of growth potential in new digital business models

Economic report

Economic environment

Macroeconomic development

Development of gross domestic product (GDP)

in %	2022	2021
World	3.4	6.2
Advanced economies	2.7	5.4
USA	2.0	5.9
Emerging economies	3.9	6.7
China	3.0	8.4
Russia	- 2.2	4.7
Eurozone	3.5	5.3
Central and Eastern Europe (emerging European economies)	0.7	6.9
Germany	1.9	2.6
World trade	5.4	10.4

Source: International Monetary Fund (IMF); January 2023

The global economy weakened over the course of the year due to the impact of the Russian invasion of Ukraine, high energy prices, a restrictive fiscal policy and the resurgence of the coronavirus pandemic in China. Various other one-off factors and major uncertainty also dampened the economic outlook. Nevertheless, global output temporarily rallied during the third quarter of 2022 following a weak first half to the year. The easing of supply bottlenecks, strong demand and the gradual resumption of normality for industries hit particularly hard by the pandemic provided a major impetus. Dampening effects such as a temporary massive inventory reduction in the United States were also absent in the third quarter. Economic growth was surprisingly robust in several advanced and major emerging economies. By year-end, however, this growth had significantly slowed in most – if not all – major economies. According to estimates of the International Monetary Fund (IMF), **global economic growth** for 2022 as a whole amounted to 3.4 %.

In the **advanced economies**, the basic trend was one of weakening economic performance. Total economic output rose by 2.7 % in 2022 as a whole. The major central banks were late to respond to the steep rise in inflation but then raised base rates in uncharacteristically large steps. Boosted by consumer spending and a low unemployment rate, the **US economy** proved surprisingly strong and expanded by 2.0 %. In **Europe**, the economy was also more resilient than expected and weathered the negative effects of the war in Ukraine well. This resilience resulted partially from government support of around 1.2 % of the European Union’s gross domestic product (GDP) for homes and businesses affected by the energy crisis, as well as from the catch-up effects of economies starting to open up again. The easing of gas prices in particular also helped the region. The IMF expects eurozone GDP to grow by 3.5 % in 2022.

The **emerging economies** also performed well on the whole, despite the challenging conditions. According to IMF estimates, economic growth reached 3.9 % in 2022. At the same time, the pandemic exacerbated the economic downturn in **China**. Beijing's zero-Covid policy, accompanied by extensive coronavirus-related lockdowns, served to dampen macroeconomic activity. After several major Covid-19 outbreaks, the authorities initially responded by easing containment measures and abandoned the zero-Covid policy altogether in December. According to the IMF, the world's second largest economy grew by 3.0 % in 2022.

After **Russia's** invasion of Ukraine, Western countries imposed numerous sanctions. In addition, more and more companies in the West are voluntarily withdrawing from the country, mothballing their production facilities or suspending deliveries to Russia. According to IMF estimates, Russian GDP shrank by 2.2 % in 2022. IMF estimates in October 2022 stated that the **Ukrainian** economy has collapsed by more than a third as a result of the Russian invasion (- 35.0 %). The energy infrastructure in particular has been the target of Russian attacks. According to the IMF's experts, the **Estonian economy** expanded by 1.0 % in 2022 (IMF, October 2022).

Despite inflation, the war in Ukraine and ongoing supply issues, the **German economy** achieved growth in the past year, buoyed in particular by post-pandemic catch-up effects. Foreign trade also grew in 2022, despite the steep price increases. Although the pace of economic growth slowed towards the end of the year, German economic output expanded by 1.9 % during 2022 as a whole.

Sector development

Development of container throughput by region

in %	**2022**	2021
World	- 0.5	7.1
Asia as a whole	0.2	6.0
China	1.3	6.5
Europe as a whole	- 2.8	5.3
North-West Europe	- 3.6	7.2
Scandinavia and the Baltic region	- 13.7	3.9
Western Mediterranean	0.2	6.9
Eastern Mediterranean and the Black Sea	0.1	1.2

Source: Drewry Maritime Research; December 2022

Following a weak performance in the first half of the year, **global container throughput** started to pick up again in the third quarter of 2022. According to the latest estimates of Drewry, however, throughput volume was slightly down again in the fourth quarter. The market research institute anticipates a slight decrease in throughput volume of 0.5 % for 2022 as a whole. As a result of the steep drop in demand, there was an easing of the congestion at ports that had been caused by supply chain disruption, unscheduled ship calls, longer container dwell times and bottlenecks in onshore transport chains.

According to Drewry estimates, the decrease in throughput activity at year-end was observed in almost all shipping regions, albeit to different extents. In **Asia**, the world’s highest-throughput region, experts anticipate slight growth of 0.2 % for 2022 as a whole, despite weaker momentum in the fourth quarter. According to the latest estimates, volume at China’s container ports – hampered by extensive pandemic-related lockdowns in major production and export centres – grew by 1.3 % in 2022.

The decrease in throughput volume was most noticeable in **Europe**. According to Drewry estimates, container volumes at European ports decreased by 2.8 % in 2022, with ports in Scandinavia and the Baltic region affected most with volume losses of 13.7 %.

Container throughput in the leading ports of Northern Europe

in million TEU	**2022**	2021	Change
Rotterdam	14.5	15.3	- 5.5 %
Antwerp	13.5	14.2	- 5.2 %
Hamburg	8.3	8.7	- 5.1 %
Bremen ports	4.6	5.0	- 8.9 %

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 5.1 % down on the previous year at 8.3 million TEU (previous year: 8.7 million TEU). Hamburg was thus able to maintain its third place in the ranking of European container ports. Europe's largest container port, Rotterdam, handled 14.5 million TEU in 2022, 5.5 % fewer containers than in the previous year. Container throughput in the merged port of Antwerp-Bruges fell last year by 5.2 % to 13.5 million TEU. Container throughput fell sharply at the Bremen ports, with a decrease of 8.9 %. By contrast, the JadeWeserPort in Wilhelmshaven reported a strong year-on-year increase in throughput of 7.0 % to 519 thousand TEU for the first three quarters of 2022.

The Polish port of Gdansk recorded a slight year-on-year decrease in handling volumes of 2.2 % to 2.1 million TEU. As a result of Russia’s invasion of Ukraine and the resulting sanctions, container throughput at Russia's Baltic Sea ports collapsed by 54 %. In turn, this led to lower transshipment volumes in the Northern European ports.

Traffic in Germany by modes of transport

in %	2022	2021
Transport volumes	**- 0.4**	**1.3**
Road traffic	- 0.4	0.8
Railway traffic	0.0	5.6
Multi-modal traffic	0.7	6.4
Traffic performance	**- 0.1**	**4.5**
Road traffic	- 0.2	3.8
Railway traffic	0.4	8.4
Multi-modal traffic	1.3	8.6

Source: Floating medium-term forecast for freight and passenger transport (Federal Ministry of Transport and Digital Infrastructure); October 2022

The study for freight and passenger transport commissioned by the Federal Ministry of Digital Affairs and Transport was last published on the basis of data from October 2022, before the effects of the Russian war of aggression on Germany's macroeconomic development. The study shows a noticeable downward trend **across all modes of freight traffic** in Germany in 2022. Transport volumes are expected to decrease by 0.4 % year-on-year, while traffic performance – transport volume multiplied by the distance travelled – will almost stagnate with a decline of 0.1 %. This falling demand affects all modes of transport. **Road transport** volumes are likely to be down by 0.4 % year-on-year. Traffic performance is poised to decrease less dramatically with a year-on-year decline of just 0.2 %. **Rail transport** looks set to stagnate after a strong increase last year. Traffic performance will increase slightly by 0.4 %. A significant drop-off in growth is also expected for **intermodal transport**. Volumes will be 0.7 % up and performance 1.3 % up on the previous year.

Overall view of the course of business

Despite a multitude of negative influences – such as the Russian war of aggression against Ukraine, high energy prices, a more restrictive monetary policy and a resurgence of the coronavirus pandemic in China – the HHLA Group made good progress in the 2022 financial year. As of the balance sheet date, 31 December 2022, HHLA’s economic and financial position proved to be stable. The equity ratio rose by 6.3 percentage points to 31.5 % (previous year: 25.2 %). The gearing ratio changed from 3.6 to 3.4. There were no further refinancing needs as of the balance sheet date.

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.

Key figures

in € million	2022	2021	Change
Revenue	1,578.4	1,465.4	7.7 %
EBITDA	396.3	406.7	- 2.6 %
EBITDA margin in %	25.1	27.8	- 2.7 pp
EBIT	220.4	228.2	- 3.4 %
EBIT margin in %	14.0	15.6	- 1.6 pp
Profit after tax and minority interests	92.7	112.3	- 17.5 %
At-equity earnings	4.9	4.4	11.6 %
ROCE in %	9.7	10.6	- 0.9 pp

The guidance for 2022 published in the 2021 Annual Report was already downgraded for container throughput and upgraded for revenue and EBIT of the Real Estate subgroup on publication of the half-year results. With the publication of the quarterly figures for January to September 2022, the forecast was downgraded again for container throughput, and also for container transport for the first time in the financial year. Revenue expectations were upgraded for the Port Logistics subgroup and for the Group. As a result of delays in planned additions to assets, capital expenditure was reduced from previously € 300 million to € 350 million at Group level to between € 210 million and € 260 million. Consequently, investments for the Port Logistics subgroup were lowered to € 180 million to € 230 million (previously: € 270 million to € 320 million). While capital expenditure at Group level remained only slightly below the most recently issued guidance, all other key figures were either in line with or in excess of guidance.

Forecast and actual figures

in € million	Actual 31.12.2022	Actual 31.12.2021	Forecast 14.11.2022	Forecast 10.08.2022	Forecast 24.03.2022
Container throughput in thousand TEU	6,396	6,943	significant decrease	Previous year's level	moderate increase
Container transport in thousand TEU	1,694	1,690	slight increase	moderate increase	moderate increase
Group revenue	1,578.4	1,465.4	significant increase	moderate increase	moderate increase
thereof Port Logistics subgroup	1,542.3	1,435.8	significant increase	moderate increase	moderate increase
thereof Real Estate subgroup	44.1	38.1	significant increase	significant increase	moderate increase
Group EBIT	220.4	228.2	from € 175 to € 210 million	from € 175 to € 210 million	from € 175 to € 210 million
thereof Port Logistics subgroup	201.6	212.6	from € 160 to € 195 million	from € 160 to € 195 million	from € 160 to € 195 million
thereof Real Estate subgroup	18.4	15.3	significant increase	significant increase	moderate increase
Group investments	203.1	231.6	from € 210 to € 260 million	from € 300 to € 350 million	from € 300 to € 350 million
thereof Port Logistics subgroup	180.4	207.4	from € 180 to € 230 million	from € 270 to € 320 million	from € 270 to € 320 million

Notes on the reporting

The first-time consolidation of 100 % of shares in the companies CL EUROPORT s.r.o., based in Plzen, Czech Republic, and CL EUROPORT Sp. z o.o., based in Malaszewicze, Poland, took place on the acquisition date of 4 January 2022. The companies were included in HHLA's consolidated group as fully consolidated companies as of 31 March 2022.

Since the invasion by Russian troops on 24 February 2022, the economic environment and economic developments in Ukraine have deteriorated. Even now, it is not possible to determine the future impact on the global economy with any certainty. Consequently, effects may arise that could have a negative influence on the future results of operations, net assets and financial position of the HHLA Group.

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 accordingly, while equity increased due to the reduction in actuarial effects brought about by interest rates.

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, order backlogs and order trends do not serve as reporting indicators as they do in other industries.

The 2022 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).

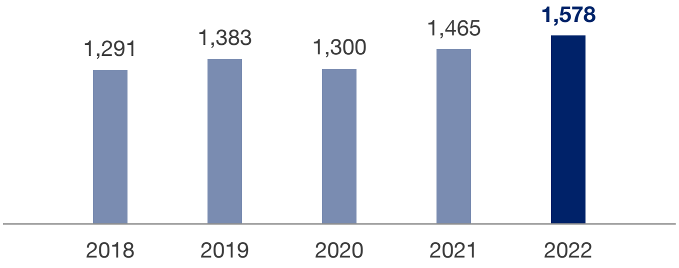
Earnings position

HHLA's **performance data** in 2022 was affected by Russia's invasion of Ukraine and the resurgence of the Covid-19 pandemic in China. There was a significant 7.9 % year-on-year decline in container throughput to 6,396 thousand TEU (previous year: 6,943 thousand TEU). At the three Hamburg terminals, the decline amounted to 4.1 %. This was primarily due to the decrease in cargo volumes to the Far East shipping region, as well as the decrease in volumes connected with Russia since the start of the war. There was a sharp decline in volumes at the international terminals due to the suspension of seaborne handling at the Odessa terminal as a result of the war. Transport volumes increased slightly year-on-year by 0.2 % to 1,694 thousand TEU (previous year: 1,690 thousand TEU). This increase is wholly attributable to rail transport. Road transport fell significantly against the previous year during the reporting period.

Despite the development of performance data described above, the HHLA Group's revenue rose by 7.7 % to € 1,578.4 million in the reporting period (previous year: € 1,465.4 million). This was due to the temporary sharp rise in storage fees at the container terminals in Hamburg, Tallinn and Trieste as a result of disrupted supply chains, as well as temporary price surcharges in rail transport, which were necessary to compensate for the sharp rise in energy prices. 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 7.4 % to € 1,542.3 million (previous year: € 1,435.8 million). Revenue in the non-listed Real Estate subgroup increased by 15.9 % to € 44.1 million (previous year: € 38.1 million). The Real Estate subgroup thus accounted for 2.3 % of Group revenue.

Revenue

in € million



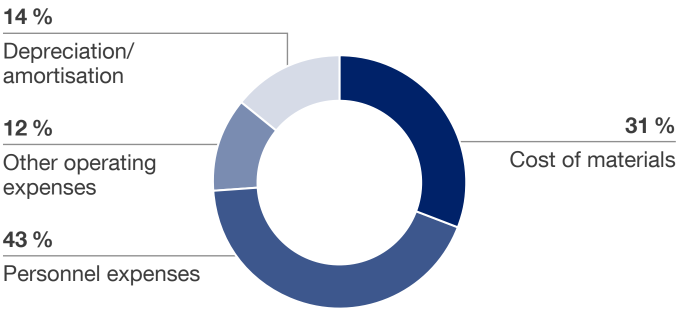
In the reporting period, **changes in inventories** amounted to € 3.3 million (previous year: € 3.1 million). **Own work capitalised** increased to € 6.1 million (previous year: € 4.2 million).

Other operating income decreased by 10.7 % to € 46.4 million (previous year: € 51.9 million).

Operating expenses increased significantly by 9.1 % to € 1,413.8 million (previous year: € 1,296.4 million). Whereas the cost of materials and other operating expenses rose strongly, there was only a slight increase in personnel expenses. By contrast, depreciation and amortisation decreased slightly.

Expense structure

Operating expenses in 2022: € 1,414 million



The cost of materials rose year-on-year by 19.7 % to € 484.6 million (previous year: € 404.8 million). The strong rise in the cost-of-materials ratio to 30.7 % (previous year: 27.6 %) was related to the high energy prices and major operational interruptions caused by ongoing supply chain disruption to rail transport.

Personnel expenses rose by 2.9 % to € 570.5 million (previous year: € 554.4 million). In addition to increased union wage rates, this was largely the result of the expansion of operations in rail transport, as well as the high storage load at the container terminals. The personnel expense ratio declined to 36.1 % (previous year: 37.8 %). While allocations to the restructuring provision were still included in the previous year, restructuring provisions were partially reversed during the reporting period due in particular to interest rate changes. Furthermore, supply chain disruption at the container terminals had a more noticeable impact on revenue from storage fees than on additional personnel expenses due to the storage burden.

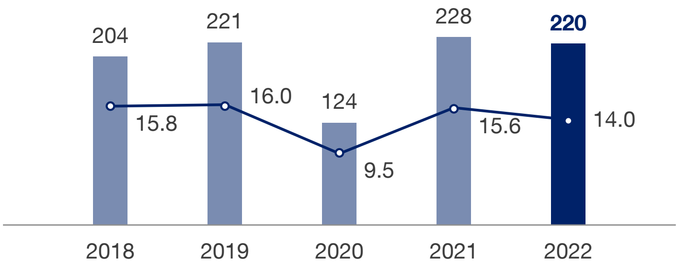
Other operating expenses increased by 15.2 % to € 182.8 million in the reporting period (previous year: € 158.7 million). This was partially due to higher maintenance expenses and leasing expenses for rail transport. The ratio of expenses to revenue amounted to 11.6 % (previous year: 10.8 %).

Against the background of these developments, **earnings before interest, taxes, depreciation and amortisation (EBITDA)** declined by 2.6 % to € 396.3 million (previous year: € 406.7 million). The EBITDA margin decreased to 25.1 % (previous year: 27.8 %).

Depreciation and amortisation was down slightly year-on-year by 1.5 % to € 175.9 million (previous year: € 178.5 million).

Operating result (EBIT)

in € million, EBIT margin in %



The **operating result (EBIT)** decreased by 3.4 % to € 220.4 million in the reporting period (previous year: € 228.2 million). The main factors driving this trend were the operational interruptions and higher subsidies for route prices granted retroactively in the case of rail transport, a sharp rise in energy costs and losses relating to new logistics activities. The EBIT margin decreased strongly year-on-year by 14.0 % (previous year: 15.6 %). In the Port Logistics subgroup, EBIT fell by 5.2 % to € 201.6 million (previous year: € 212.6 million). As a result, the subgroup accounted for 91.5 % (previous year: 93.2 %) of the Group's operating result in the reporting period. By contrast, EBIT rose by 20.9 % to € 18.4 million in the Real Estate subgroup (previous year: € 15.3 million). This accounted for 8.5 % of the Group's operating result (previous year: 6.8 %).

Net expenses from the **financial result** fell by € 10.3 million, or 28.3 %, to € 26.2 million (previous year: € 36.6 million). This change was mainly due to an expense recognised in the previous year relating to the revaluation of a settlement liability for the profit transfer of a subsidiary with minority shareholders amounting to € 10.1 million.

At 31.5 %, the Group's **effective tax rate** was higher than in the previous year (previous year: 30.6 %).

Profit after tax and minority interests decreased by 17.5 % year-on-year to € 92.7 million (previous year: € 112.3 million). Non-controlling interests accounted for € 40.4 million in the 2022 financial year (previous year: € 20.6 million). From a financial point of view, this item included the earnings mentioned in relation to the financial result associated with revaluing the settlement obligation to a minority shareholder in the previous year. **Earnings per share** decreased by 17.5 % to € 1.23 (previous year: € 1.50). The publicly listed Port Logistics subgroup posted a 20.4 % drop in earnings per share to € 1.13 (previous year: € 1.43). Earnings per share of € 3.93 for the non-listed Real Estate subgroup were up on the prior-year figure (previous year: € 3.41). As in the previous year, there was no difference between basic and diluted earnings per share in 2022.

The **return on capital employed (ROCE)** was down 0.9 percentage points year-on-year at 9.7 % (previous year: 10.6 %). Corporate and value management

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, as in the previous year, propose the distribution of a cash dividend of € 0.75 per entitled, **listed class A share** at the Annual General Meeting on 15 June 2023. If approved by the Annual General Meeting, the amount to be distributed for the class A shares would thus amount to € 54.4 million, as in the previous year. The Executive Board and Supervisory Board will propose a cash dividend of € 2.20 (previous year: € 2.10) per **non-listed class S share**. The sum to be distributed for class S shares would thus amount to € 5.9 million (previous year: € 5.7 million).

Financial position

Balance sheet analysis

Compared to the previous year, the HHLA Group's **balance sheet total** decreased by a total of € 31.0 million to € 2,770.9 million as of 31 December 2022.

Balance sheet structure

in € million	**31.12.2022**	31.12.2021
Assets		
Non-current assets	2,278.4	2,294.0
Current assets	492.5	507.9
	2,770.9	**2,801.9**
Equity and liabilities		
Equity	873.3	705.2
Non-current liabilities	1,571.9	1,730.2
Current liabilities	325.7	366.5
	2,770.9	**2,801.9**

On the assets side of the balance sheet, **non-current assets** decreased by € 15.6 million to € 2,278.4 million (previous year: € 2,294.0 million). The change is mainly attributable to the decrease in deferred tax assets of € 53.8 million to € 74.1 million (previous year: € 127.9 million) associated with the interest rate-related change in actuarial gains. By contrast, there were increases in property, plant and equipment and investment property – due to the first-time consolidation of the new companies and from capital expenditure (less depreciation and amortisation) – as well as in non-current financial assets.

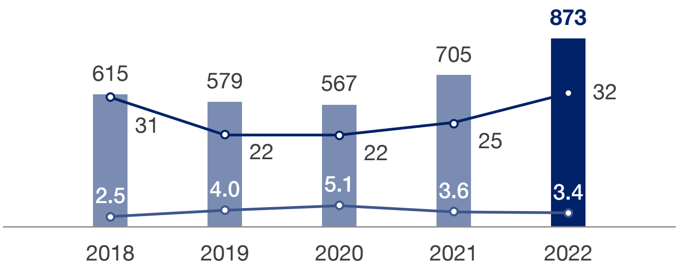
Current assets decreased by € 15.4 million to € 492.5 million (previous year: € 507.9 million). The decline resulted mainly from a reduction in cash, cash equivalents and short-term deposits of € 39.1 million to € 116.4 million (previous year: € 155.5 million).

An increase in trade receivables of € 17.9 million to € 206.1 million had an opposing effect (previous year: € 188.3 million).

On the liabilities side, **equity** rose by € 168.1 million compared to year-end 2021, to € 873.3 million (previous year: € 705.2 million). The increase was mainly due to the positive result for the reporting period of € 133.1 million and the interest rate-related change in actuarial gains, including tax effects outside profit or loss. The distribution of dividends had an opposing effect. The equity ratio increased to 31.5 % (previous year: 25.2 %).

Equity

in € million



Non-current liabilities decreased by € 158.3 million to € 1,571.9 million (previous year: € 1,730.2 million). The decline resulted primarily from the interest rate-related change in pension provisions amounting to € 152.6 million. Non-current liabilities to related parties also decreased by € 11.4 million. There was an opposing effect from the increase in non-current financial liabilities of € 9.6 million.

The decrease of € 40.7 million in **current liabilities** to € 325.7 million (previous year: € 366.5 million) resulted mainly from the decline of € 28.0 million in current financial liabilities to € 81.4 million (previous year: € 109.4 million), of € 11.7 million in income tax liabilities to € 1.8 million (previous year: € 13.5 million), and of € 8.3 million in current liabilities to related parties to € 50.0 million (previous year: € 58.3 million).

Investment analysis

Capital expenditure totalled € 203.1 million in the 2022 financial year (previous year: € 231.6 million). This figure includes additions of € 18.8 million from rights of use (rent and leases) not recognised as a direct cash expense (previous year: € 43.4 million). Capital expenditure focused on extending the Hamburg container terminals and expanding inter-modal transport capacities. Investment projects were mainly funded by the operating cash flow generated in the financial year.

Property, plant and equipment accounted for € 168.0 million (previous year: € 197.8 million) of capital expenditure, while intangible assets accounted for € 13.6 million (previous year: € 11.0 million) and investment property for € 21.5 million (previous year: € 22.8 million).

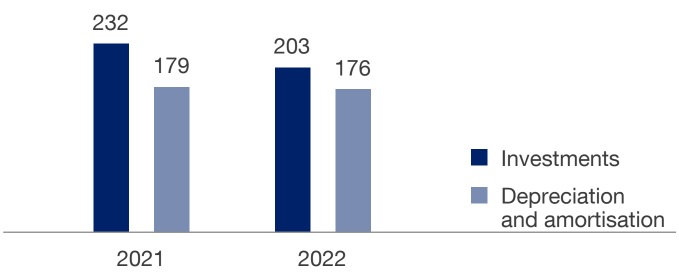
Investments amounting to € 80.4 million were made in the **Container segment** (previous year: € 100.5 million). Capital expenditure was dominated by the procurement of handling equipment and storage capacities at the Hamburg container terminals. Investments in the **Intermodal segment** amounted to € 82.6 million (previous year: € 93.4 million). The METRANS Group accounted for most of this capital expenditure, investing mainly in container wagons and locomotives as well as in the development of existing and new inland terminals. Capital expenditure in the **Logistics segment** amounted to € 14.1 million (previous year: € 4.8 million). The pro forma **Holding/Other segment** invested a total of € 4.1 million (previous year: € 8.8 million). Capital expenditure of € 22.7 million in the **Real Estate segment** (previous year: € 24.2 million) was mainly for the development of the Speicherstadt historical warehouse district.

Investments in the Container segment focus on enhancing the productivity of existing terminal areas by using cutting-edge 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 € 225.0 million (previous year: € 167.9 million). This figure includes € 155.6 million (previous year: € 122.7 million) for the capitalisation of property, plant and equipment.

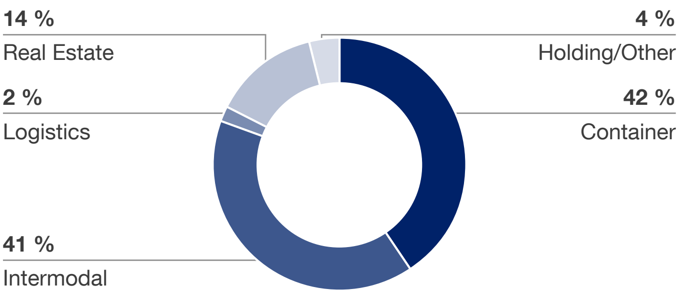
Investments, depreciation and amortisation

in € million



Capital expenditure by segment

Capital expenditure 2022: € 203 million



Liquidity analysis

Liquidity analysis

in € million	2022	2021
Financial funds as of 01.01.	**173.0**	**168.8**
Cash flow from operating activities	279.3	315.9
Cash flow from investing activities	- 152.6	- 227.4
Free cash flow	**126.7**	**88.5**
Cash flow from financing activities	- 127.9	- 84.9
Change in financial funds	- 1.2	3.6
Change in financial funds due to exchange rates	- 0.3	0.6
Financial funds as of 31.12.	**171.5**	**173.0**
Short-term deposits	20.0	65.0
Available liquidity	191.5	238.0

Cash flow from operating activities decreased year-on-year from € 315.9 million to € 279.3 million. This decrease of € 36.5 million is mainly due to the change in provisions, which were down € 21.0 million year on year, the € 11.7 million increase in income tax payments as compared with the previous year and a year-on-year reduction in EBIT of € 7.8 million.

Cash flow from investing activities (outflow) of € 152.6 million was below the prior-year figure of € 227.4 million. This € 74.8 million decline in cash outflows was mainly the result of payments received for short-term deposits (previous year: payments made).

Free cash flow – the total cash flow from operating and investing activities – increased to € 126.7 million (previous year: € 88.5 million).

Cash flow from financing activities (outflow) amounted to € 127.9 million in the reporting period (previous year: € 84.9 million), down € 43.0 million on the previous year. This was primarily due to a € 49.0 million higher payment of profit shares to non-controlling shareholders and shareholders of the parent company, as well as a year-on-year increase of € 25.7 million for the redemption of financial loans. New long-term loans of € 33.2 million had an opposing effect in the reporting period.

The HHLA Group had sufficient liquidity as of year-end 2022. There were no liquidity bottlenecks in the course of the financial year. **Financial funds** totalled € 171.5 million as of 31 December 2022 (31 December 2021: € 173.0 million). Including all short-term deposits, the Group's available **liquidity** as of year-end 2022 totalled € 191.5 million (previous year: € 238.0 million).

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 takes out medium- and long-term loans and leases to achieve funding with matching maturities. Pension provisions are also available for long-term internal financing.

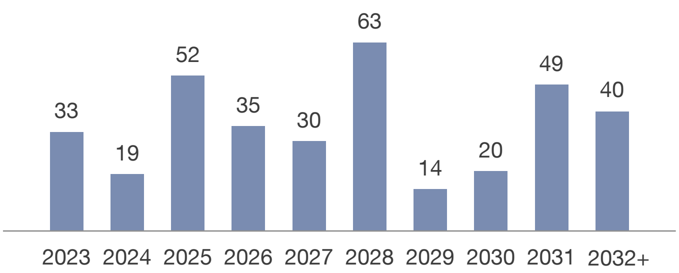
At € 354.8 million as of the balance sheet date, liabilities from bank loans were above the prior-year figure of € 334.6 million. The Group drew on financing of € 67.3 million in the 2022 financial year (previous year: € 34.0 million). During the reporting year, payments for the redemption of loans amounted to € 50.0 million (previous year: € 24.3 million). Due to the diversified maturity profile 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. 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 39 % of bank loans. These covenants were met at all agreed audit points throughout the reporting year.

As of the balance sheet date, HHLA disclosed non-current **liabilities to related parties** totalling € 431.4 million (previous year: € 442.8 million). These mainly resulted from the recognition of the leasing liability to the Hamburg Port Authority (HPA).

Maturities of bank loans

by year and in € million



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 € 116.4 million as of the balance sheet date (previous year: € 155.5 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 € 171.3 million (previous year: € 9.8 million). The credit line utilisation rate amounted to 6.9 %. The year-on-year increase resulted from the conclusion of framework credit agreements of € 165.0 million, of which € 5.0 million has been used to date. Of the total cash and cash equivalents, an amount of € 0.3 million as of the reporting date (previous year: € 4.4 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 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

With the share purchase and transfer agreement dated 16 December 2021, METRANS a.s. of 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. of Malaszewicze, Poland. The closing of the transaction (corresponding to the acquisition date) was tied to various conditions and took place on 4 January 2022. The first-time consolidation of the company took place on the acquisition date. The company has been assigned to the Intermodal segment. The company was incorporated into HHLA's group of consolidated companies as of 31 March 2022.

With the share purchase and transfer agreement dated 16 December 2021, METRANS a.s. of Prague, Czech Republic, acquired 20.8 % of the shares in CL EUROPORT Sp. z o.o. of 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) was tied to various conditions and took place on 4 January 2022. The first-time consolidation of the company took place on the acquisition date. The company has been assigned to the Intermodal segment. The company was incorporated into HHLA's group of consolidated companies as of 31 March 2022.

With the share purchase and transfer agreement dated 9 May 2022, the stake held by METRANS a.s. of Prague, Czech Republic, in METRANS Rail Profi Austria GmbH, Krems an der Donau, Austria, increased from 80.0 % to 100 % as METRANS a.s. acquired the remaining shares from the minority shareholder. In accordance with the entity concept, the purchase price for these shares was taken directly to equity with a corresponding reduction in non-controlling interests.

As of 31 March and 30 June 2022 respectively, the following companies which were established in the 2021 financial year were incorporated into HHLA's group of consolidated companies: METRANS Szeged Kft., based in Budapest, Hungary, and allocated to the Intermodal segment as well as HHLA Next GmbH, based in Hamburg, and omoqo GmbH, based in Hamburg, both of which were allocated to the Logistics segment.

With the partnership agreement of 26 October 2022, HHLA AG founded the company CERP Solution a.s., Prague, Czech Republic, and acquired all shares in the company. The purpose of the company includes the leasing of land and the rental and hire of movables. Its inclusion in the HHLA group of consolidated companies took place on 31 December 2022 as a fully consolidated subsidiary assigned to the Logistics segment.

By way of a resolution dated 21 October 2022, the Lüneburg Local Court was ordered to initiate insolvency proceedings against Bionic Production GmbH of Lüneburg at the company's own request. As a result of this, HHLA surrendered control of the company and the company was deconsolidated at the same time. 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 2022 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

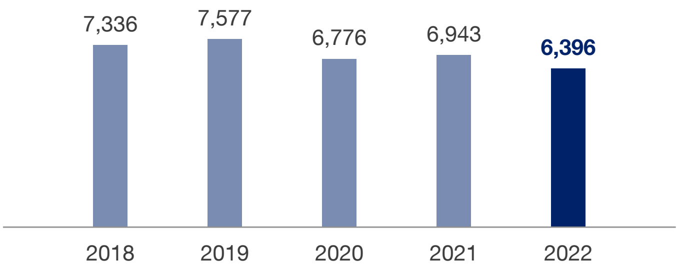
Key figures

in € million	2022	2021	Change
Revenue	864.2	841.9	2.6 %
EBITDA	257.1	256.7	0.2 %
EBITDA margin in %	29.7	30.5	- 0.8 pp
EBIT	157.3	155.3	1.3 %
EBIT margin in %	18.2	18.4	- 0.2 pp
Container throughput in thousand TEU	6,396	6,943	- 7.9 %

In the 2022 reporting year, there was a significant overall year-on-year decline in **container throughput** at **HHLA's container terminals** of 7.9 % to 6,396 thousand standard containers (TEU) (previous year: 6,943 thousand TEU).

Container throughput

in thousand TEU



At 6,071 thousand TEU, throughput volume at the **Hamburg container terminals** was down 4.1 % on the same period last year (previous year: 6,328 thousand TEU). This decrease was primarily due to lower cargo volumes in the Far East shipping region, particularly China. The acquisition of two feeder services in the first quarter of 2022 and the increase in cargo attributed to Poland and Scandinavia could not fully offset the collapse in volumes to and from Russia due to the EU's sanctions against Russia in response to the war in Ukraine. The proportion of seaborne handling by feeders decreased slightly year-on-year to 19.8 % (previous year: 20.4 %).

The **international container terminals** reported a sharp decline in throughput volume of 47.1 % to 326 thousand TEU (previous year: 615 thousand TEU). This was due to the significant decline in cargo volumes at the Odessa terminal after seaborne handling there was suspended by the authorities at the end of February following the Russian invasion. This was only partly offset by strong volume growth at the TK Estonia container terminal, resulting from the increased use of the terminal as an alternative to the Russian ports, and additional throughput volumes since the first container ship was handled in December 2021 by PLT Italy.

Despite significantly lower volumes, segment **revenue** increased slightly by 2.6 % year-on-year to € 864.2 million (previous year: € 841.9 million). The principal reason for this was the strong temporary rise in storage fees at the container terminals in Hamburg, Tallinn and Trieste. The increase in storage fees was due to longer dwell times caused by disruptions to the supply chain.

EBIT costs increased by 3.2 % year-on-year during the reporting period. The additional expenses resulted from the strong rise in the cost of materials as a result of higher electricity consumption and rising fuel costs, as well as from additional personnel expenses linked to the very high storage load and the collective wage increases agreed in the third quarter of 2022. Expenses associated with services and consulting, as well as expenses for external maintenance services, also rose. EBIT costs for the terminal in Trieste also rose significantly year-on-year as a result of the comprehensive start-up of business operations. By contrast, there was an opposing effect from lower volumes and in particular the suspension of seaborne handling at the terminal in Odessa.

Against the backdrop of an increase in average revenue due to the spike in storage fees, the **operating result (EBIT)** rose by 1.3 % to € 157.3 million (previous year: € 155.3 million). Furthermore, the international terminals of TK Estonia and PLT Italy helped to offset the suspension of operations at the Container Terminal Odessa (CTO) to some extent. The EBITDA margin fell slightly (by 0.2 percentage points) to 18.2 % (previous year: 18.4 %).

HHLA continued to invest in climate-friendly handling equipment and container terminals in 2022. Container Terminal Altenwerder (CTA) ordered additional battery-powered tractor units, bringing the total number in operation to nine, and applied for funding for a further ten battery-powered tractor units along with the corresponding energy infrastructure. The electrification of the fleet of automatic guided vehicles (AGVs) is due to be completed during the first half of 2023. These AGVs are supplied with electricity completely automatically at a total of 18 charging stations. A further eight hybrid transport vehicles, which consume significantly less fuel than diesel-powered vehicles, were ordered for the Container Terminal Tollerort (CTT). The expansion of the coal shipping port to create additional storage space was concluded in the third quarter. It has since been in use as a yard and a hydrogen fuel station is to be built on part of the site in future. Container Terminal Burchardkai (CTB) continued to drive the expansion of the block storage system, thus contributing to efforts to modernise and enhance the efficiency of the terminals.

Intermodal segment

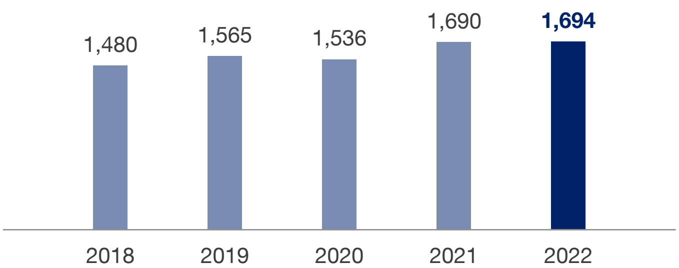
Key figures

in € million	2022	2021	Change
Revenue	595.4	519.4	14.6 %
EBITDA	143.9	151.1	- 4.7 %
EBITDA margin in %	24.2	29.1	- 4.9 pp
EBIT	95.3	104.3	- 8.6 %
EBIT margin in %	16.0	20.1	- 4.1 pp
Container transport in thousand TEU	1,694	1,690	0.2 %

In the highly competitive market for container traffic in the hinterland of major seaports, HHLA's transport companies achieved a slight growth in volumes in 2022. **Container transport** increased by 0.2 % to 1,694 thousand standard containers (TEU) (previous year: 1,690 thousand TEU).

Container transport

in thousand TEU



Rail transport rose by 2.2 % year-on-year to 1,409 thousand TEU (previous year: 1,379 thousand TEU). In addition to slight growth for traffic with the North German seaports, a strong increase in Polish traffic and a moderate rise in the German-speaking market contributed to this development. Transport with the Adriatic seaports, however, was slightly down on last year. Compared to the previous year, **road transport** fell significantly during the reporting period. Transport volumes decreased by 8.7 % to 285 thousand TEU (previous year: 312 thousand TEU), due in particular to falling transport volumes in the Hamburg region.

With a year-on-year increase of 14.6 % to € 595.4 million (previous year: € 519.4 million), **revenue** growth was much stronger than the increase in transport volumes. This was due to the further increase in the rail share of HHLA's total intermodal transportation from 81.6 % to 83.2 % as well as temporary price surcharges for rail transport that were required to partially offset the spike in energy prices.

The **operating result (EBIT)** amounted to € 95.3 million in the reporting period (previous year: € 104.3 million), thus decreasing by 8.6 %. The EBIT margin fell by 4.1 percentage points to 16.0 % (previous year: 20.1 %). Earnings were burdened by operational interruptions due to ongoing supply chain disruptions and the strong rise in energy prices, which could only be passed on to the market after some delay. There was also a higher subsidy for route prices of approximately € 11 million granted retroactively in the third quarter of the previous year.

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. As of year-end 2022, HHLA's rail subsidiary METRANS had approximately 130 shunters and locomotives and a fleet of over 3,600 container wagons. The network consists of 16 terminals in the hinterland, of which seven function as large hub terminals. Market and competition

Logistics segment

Key figures

in € million	**2022**	2021	Change
Revenue	77.6	71.3	8.8 %
EBITDA	4.9	9.3	- 46.5 %
EBITDA margin in %	6.4	13.0	- 6.6 pp
EBIT	- 6.9	- 3.0	neg.
EBIT margin in %	- 8.8	- 4.2	neg.
At-equity earnings	4.2	3.9	7.7 %

The key financial figures for the Logistics segment include the vehicle logistics, consultancy and digital services divisions, as well as business activities with which HHLA aims to tap new growth fields. The results from dry bulk and fruit logistics are included in at-equity earnings.

The consolidated companies reported **revenue** of € 77.6 million in the 2022 financial year, up 8.8 % on the prior-year figure of € 71.3 million. Consultancy activities and digital services played a significant role in this positive development, as did vehicle logistics.

The **operating result (EBIT)** amounted to € - 6.9 million in the reporting period (previous year: € - 3.0 million) due to losses in connection with new activities. However, consultancy and vehicle logistics were able to increase their earnings contributions.

Revenues of those companies included in **at-equity earnings** decreased slightly on the whole. At-equity earnings increased to € 4.2 million during the 2022 financial year, despite partially opposing developments in earnings of individual business activities (previous year: € 3.9 million).

Real Estate segment

Key figures

in € million	2022	2021	Change
Revenue	44.1	38.1	15.9 %
EBITDA	26.6	22.6	17.7 %
EBITDA margin in %	60.3	59.4	0.9 pp
EBIT	18.4	15.3	20.9 %
EBIT margin in %	41.8	40.0	1.8 pp

According to Grossmann & Berger's latest market report, 565,000 m^2 of space was let on Hamburg's office rental market in 2022 as a whole, corresponding to year-on-year growth of 15 % – even though the fourth quarter fell significantly short of expectations. As of year-end 2022, the vacancy rate in Hamburg amounted to 4.0 %, a moderate increase compared to the prior-year figure of 3.8 %.

HHLA's properties in the Speicherstadt historical warehouse district and the fish market area reported a positive trend in 2022 with almost full occupancy.

Revenue rose strongly by 15.9 % in the reporting period to € 44.1 million (previous year: € 38.1 million). In addition to increased earnings from revenue-based rent agreements, this growth was mainly due to rising rental income from newly developed properties in the Speicherstadt historical warehouse district.

The cumulative **operating result (EBIT)** rose by 20.9 % to € 18.4 million in the reporting period (previous year: € 15.3 million). This further positive development in earnings was primarily driven by revenue growth, while maintenance volumes were lower.

To ensure the economic success of the segment, HHLA will continue to invest in its property portfolio as part of its value-oriented development of the districts in Hamburg.

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 non-controlling interest of 35.0 % in HHLA Container Terminal Tollerort (CTT), a 100 % subsidiary of HHLA AG, subject to various approvals relating to competition law and foreign trade law (conditions precedent). By decision of 31 October 2022, the Federal Ministry of Economics and Climate Protection approved the acquisition of this minority shareholding subject to conditions. These conditions include, in particular, that the share of voting rights must be below 25.0 % and that CSPL must not otherwise acquire an effective controlling interest in CTT that goes beyond the influence conferred by a share of voting rights below 25.0 %. A final signature of the contracts to be adjusted accordingly is still pending.

With the share purchase and transfer agreement dated 22 December 2022, HHLA Next GmbH acquired a 51.0 % stake in Survey Compass GmbH, Treben, Germany.

The object of the company is the provision of online content, the transfer of software and hardware, and consultancy in the logistics and transport industry (focusing on railways, ships, aircraft and trucks) as well as associated industries. The closing of the transaction (corresponding to the acquisition date) is tied to various conditions and took place on 17 January 2023, after the balance sheet date. The company will be assigned to the Logistics segment and is to be included in HHLA's group of consolidated companies as of 31 March 2023. For more information, please refer to the Notes to the consolidated financial statements, no. 3 Composition of the Group.

Dr. Roland Lappin stepped down from the Executive Board on 31 January 2023. Tanja Dreilich was appointed as a Member of the Executive Board with effect from 1 January 2023. She took over the role of Chief Financial Officer from Dr. Roland Lappin as of 1 February 2023.

There were no other events of special significance after the balance sheet date of 31 December 2022.

Notes to HHLA AG 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) is a leading European port logistics group. HHLA AG is the parent company of the HHLA Group and controls the Group as a strategic management holding company. Its operating business is conducted by 36 domestic and 27 foreign subsidiaries and associated firms. In the 2022 financial year, HHLA increased its group of consolidated companies with a view to optimising its intermodal business and expanding its digital activities. As a result of insolvency proceedings, one company in the Logistics segment was deconsolidated. 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 – in the course 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, merely entitle shareholders 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 1,014 employees as of 31 December 2022 (previous year: 1,027). Of this number, 218 received wages (previous year: 234), 726 received a salary (previous year: 721) and 70 were apprentices (previous year: 72). Of the 1,014 staff members, 364 were assigned to companies within the HHLA Group in the reporting year.

Economic environment

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

Earnings position

Key figures

in € million	**2022**	2021	Change
Revenue	138.5	143.1	- 3.2 %
Other income and expenses	- 181.4	- 195.7	7.3 %
Operating result	- 42.9	- 52.6	18.4 %
Financial result	- 6.7	- 23.4	71.4 %
Result from equity investments	114.9	157.5	- 27.0 %
Income taxes	- 18.1	- 19.5	7.2 %
Net profit	47.2	62.0	- 23.9 %

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 € 138.5 million in the reporting period (previous year: € 143.1 million). The decrease of € 4.6 million was mainly due to services billed to subsidiaries of HHLA AG.

Other income and expenses improved earnings by an additional € 14.3 million compared with the previous year. This primarily resulted from higher value adjustments on financial assets in the previous year, and from lower depreciation on property, plant and equipment during the reporting period.

The year-on-year improvement in the **financial result** is mainly attributable to interest rate-related changes to provisions.

The change in **income from equity investments** was mainly due to the termination of a profit and loss transfer agreement in response to changes in tax law. The net profits of HHLA AG's subsidiaries and equity investments recognised in profit or loss decreased year-on-year by € 42.6 million to € 114.9 million (previous year: € 157.5 million).

Reported **income tax** is largely influenced by the termination of a profit and loss transfer agreement in response to changes in tax law.

As the basis for calculating the dividend, the company's **annual net profit** is the key performance indicator for HHLA AG and amounted to € 47.2 million in the reporting period (previous year: € 62.0 million). The A division accounted for € 38.1 million of this amount (previous year: € 53.8 million) and the S division for € 9.1 million (previous year: € 8.2 million).

The difference between the actual annual net profit and guidance is mainly attributable to the absence of a book profit from the expected completion of a share sale.

Forecast and actual figures

in € million	**Actual 2022**	Actual 2021	Forecast 2022
Net profit	47.2	62.0	at previous year's level

Assets

Balance sheet structure

in € million	**31.12.2022**	31.12.2021
Assets		
Intangible assets and property, plant and equipment	33.3	31.5
Financial assets	469.8	460.4
Other assets	848.0	816.8
Balance sheet total	**1,351.1**	**1,308.7**
Equity and liabilities		
Equity	502.8	515.7
Pension provisions	334.8	342.7
Other liabilities	513.5	450.3
Balance sheet total	**1,351.1**	**1,308.7**
Equity ratio in %	37.2	39.4
Intensity of investments in %	2.5	2.4

The carrying amounts of **intangible assets** and **property, plant and equipment** totalled € 33.3 million at the end of the reporting period (previous year: € 31.5 million). Capital expenditure amounted to € 5.6 million in the reporting period (previous year: € 5.3 million). Capital expenditure focused mainly on expanding the IT landscape.

The total increase in **financial assets** of € 9.4 million to € 469.8 million was mainly due to the above-mentioned expansion of the consolidated group, the issuance of loans and opposing value adjustments.

Equity declined by € 12.9 million compared to year-end 2021. This reduction is due to the distribution of a cash dividend of € 60.1 million and the net profit for the year of € 47.2 million.

Development in pension provisions

in € million	2022	2021
Carrying amount on 01.01.	**342.7**	**334.8**
Expense recognised in profit and loss	11.3	27.1
Pension payments	- 19.2	- 19.1
Carrying amount on 31.12.	**334.8**	**342.7**

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 1.78 % set by Deutsche Bundesbank was applied for the reporting year (previous year: 1.87 %). 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 € 334.8 million at the end of the reporting period (previous year: € 342.7 million).

Financial position

Cash flow from operating activities totalled € 117.0 million in the reporting period (previous year: € 18.0 million). This item was strongly influenced by the operating result and the income received from equity investments. Cash flow was sufficient to fund capital expenditure in the reporting period.

In connection with existing cash pooling agreements, financial funds comprised receivables from subsidiaries of € 374.5 million (previous year: € 260.9 million), cash and cash equivalents in the form of bank balances totalling € 59.7 million (previous year: € 103.3 million) – of which € 20.0 million (previous year: € 65.0 million) was short-term bank deposits – and clearing receivables of € 75.0 million (previous year: € 82.5 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 wherever advantageous for HHLA AG.

Liquidity analysis

in € million	2022	2021
Financial funds as of 01.01.	**446.7**	**466.7**
Cash flow from operating activities	117.0	18.0
Cash flow from investing activities	- 21.4	- 37.2
Cash flow from financing activities	- 33.1	- 0.8
Financial funds as of 31.12.	**509.2**	**446.7**
of which receivables from subsidiaries	374.5	260.9
of which cash and cash equivalents	134.7	185.8

Risk and opportunity report

Business developments at HHLA AG are generally 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 management

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. Business forecast

Expected earnings position in 2023

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 2023

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 based on 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 stated dividend policy.

Risks, opportunities and forecast

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 in 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 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

Structure of the 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); and incorporating all majority shareholdings and consolidated companies 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.

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.

Categorisation of the probability of occurrence

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

Categorisation of the damage amount as proportion of Group equity[1] (capability)

not significant	medium	significant	massive	threatening
< 1 %	< 5 %	< 10 %	< 25 %	≥ 25 %

1 Status: Planning

Risks are assessed in the context of the actual 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 consistently mapped and assessed throughout the Group.

After identifying and assessing the risk, the company 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, a systematic examination of the effectiveness of risk management measures is underway. In order to determine risks within the Group, a systematic risk aggregation is being conducted, thereby taking account of any interdependencies of risks with risk-increasing or risk-decreasing effects.

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.

To supplement the established risk management system, an annual climate risk and vulnerability assessment has been conducted since 2022 in accordance with the requirements of the EU Taxonomy. Specific temperature, wind, water and solid-related climate risks for relevant business activities and their locations are assessed in terms of their relevance, potential damage and probability of occurrence. The risk assessment is based on current climate data on the basis of the greenhouse gas concentration paths RCP 2.6, RCP 4.5, RCP 6.0 and RCP 8.5 for the period up to 2050. Corresponding adaptation plans are defined for significant climate risks. Reporting takes place once a year. Climate risks

Opportunity management is comparable to the **risk management** process. Opportunities are systematically identified and measures developed as part of 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 monitoring 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 by 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.

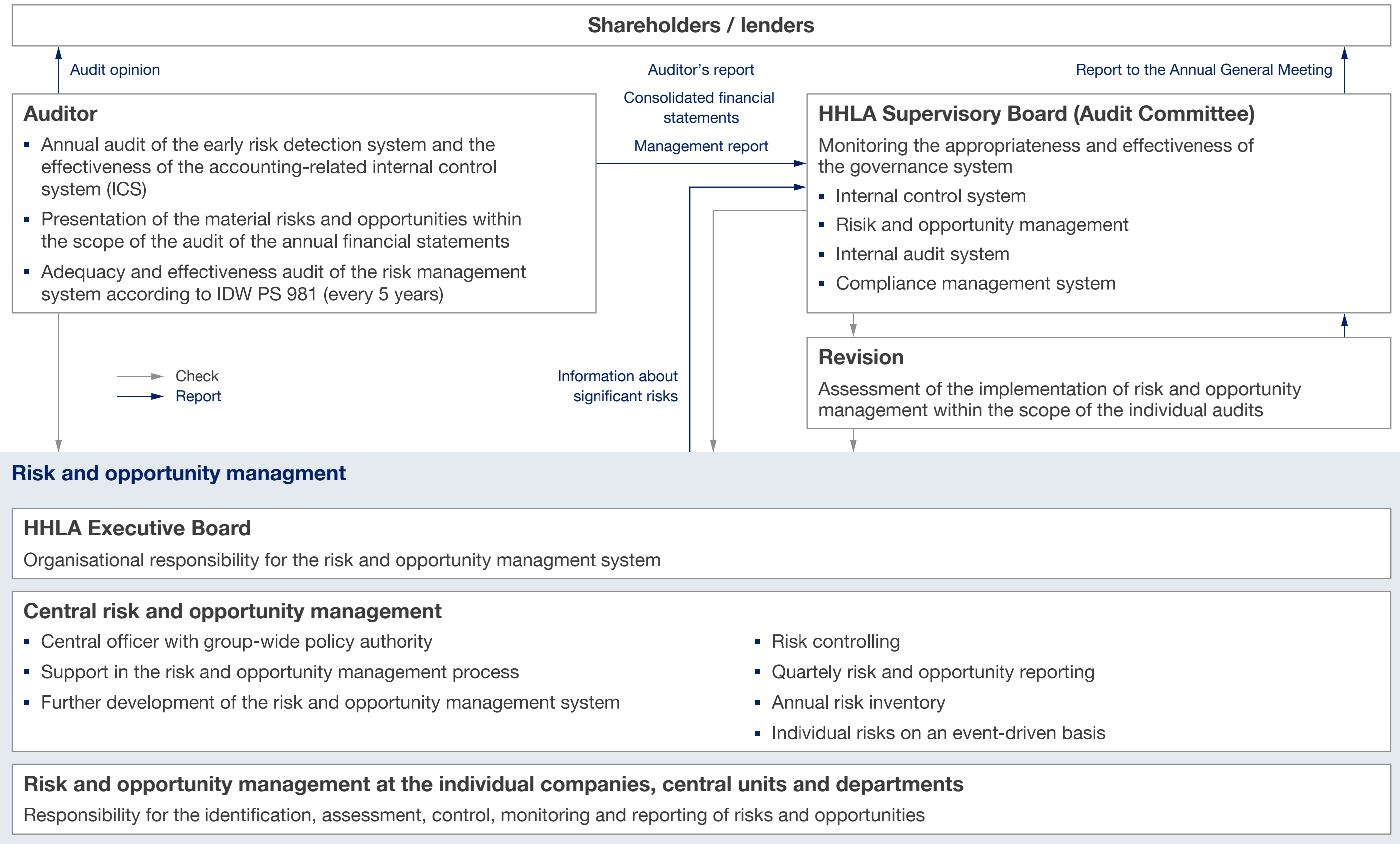
Reviewing and monitoring the appropriateness and effectiveness of the risk management system

Internal Audit reviews the risk management processes in the course of its individual audits. Should significant structural changes or material findings arise from the individual audits, Internal Audit conducts a review of the appropriateness and effectiveness of the risk management system.

HHLA's Supervisory Board monitors the appropriateness and effectiveness of the risk management system. The external auditors assess the early risk identification and monitoring system in accordance with IDW PS 340 on behalf of the Supervisory Board as part of their audit of the consolidated financial statements.

In addition, the risk management system is regularly audited for adequacy and effectiveness in accordance with IDW PS 981. In 2022, the risk management system was audited in accordance with IDW PS 981. At the time of reporting, the audit had not yet been completed, but no significant findings resulted from the audit work.

Risk and opportunity management



Internal control system (ICS)

Structure of the system

HHLA's internal control system is designed to ensure that the strategic, operational and financial reporting processes used throughout the company are consistent, transparent and reliable. It also ensures they comply with legal standards and the company's own guidelines and requirements. 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. In this way, transparency of its structure and functionality are assured for the purposes of internal and external reporting.

HHLA's internal control system is based on the criteria laid out in the "Internal Control – Integrated Framework" working paper published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The internal control system is regularly monitored on the basis of control documentation and assessed with regard to its structure and functionality for the operating activities.

Accounting processes are assessed to determine whether the existence, completeness, accuracy, valuation, ownership and reporting of transactions are at risk. 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. Out of necessity, employees are given a certain amount of leeway when recognising and measuring balance sheet items, which can give rise to further risks.

Those parts of the internal control system that focus on compliance with other legal requirements are significant for the audit of the financial statements insofar as they can typically have repercussions on the audited financial statements and management report.

Appropriate and effective controls aim to ensure that Group-wide risks are reduced and business transactions are handled properly. Transactions must be 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 relevant business processes.

The internal control system is monitored by Internal Audit, which reports on its status to the Executive Board and the Supervisory Board. The external auditor also assesses the effectiveness of the accounting-related internal control system, primarily by carrying out spot checks.

The internal control system will always have certain limitations, regardless of how carefully it is designed. For this reason, it is impossible to fully guarantee that corporate objectives will always be met or that every incorrect statement will always be avoided or identified.

Significant regulations and controls

Tasks and functions relating to business processes are clearly defined within the Group. Separating execution, settlement and authorisation functions and giving these responsibilities to different members of staff reduces the risk of errors and 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. A single accounting manual covers the consistent application and documentation of accounting rules for the entire Group. Other strategic and operational guidelines are also in place. Like the accounting manual, they are reviewed regularly and updated if necessary.

Business transactions are generally recorded by ERP 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. These are then fed into the SAP ECCS consolidation module for all Group companies.

The IT systems are protected against unauthorised access. The principles for assigning function-related authorisations are set out in the HHLA SAP authorisation guidelines. These form part of a comprehensive IT security guideline that regulates general access to the IT systems.

The specific formal requirements for the consolidation process as pertaining to the consolidated financial statements are clearly defined. In addition to a definition of the consolidated group, there are 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, and 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 rectified as necessary using control mechanisms defined in the SAP ECCS system, or by means of system-based plausibility checks.

Monitoring the internal control system

The efficacy of the internal control system is assessed systematically. A risk analysis is first conducted to identify and assess significant risks to material corporate processes within the companies, organisational units and Group functions, and to establish and implement suitable controls for processes identified as being at-risk. The necessary controls are documented and monitored in accordance with Group-wide guidelines.

On the basis of the risk inventory – which is conducted regularly and if necessary on an event-driven basis – the ICS is assessed at least once annually by the respective managing directors or divisional managers. The results are documented consistently throughout the Group, and include statements on the up-to-dateness and completeness of the documentation, as well as the appropriateness and efficacy of the ICS during the current business year.

The managing directors of Group companies report on the results of the self-assessment to their relevant supervisory boards. For holding company functions, the discussion is based on the reporting of the central ICS officer and is led by the Executive Board.

The results of the ICS efficacy review are reported by the member of the Executive Board on the HHLA Audit Committee. The Audit Committee also reports its findings to the Supervisory Board.

Review of the appropriateness and effectiveness of the ICS

A system-independent assessment of the adequacy and effectiveness of the ICS is carried out by Internal Audit in the course of its audit assignments. As part of its risk-oriented audit approach, Internal Audit examines the appropriateness of the internal control system as standard in each audit. The effectiveness of the individual internal controls is also assessed by means of suitable audit procedures.

Based on the knowledge gained in this process, Internal Audit develops future-oriented measures to eliminate any weaknesses, or to optimise processes in cooperation with the relevant departments.

As part of the audit of the annual financial statements, the auditor conducts audit procedures to verify the effectiveness of the accounting-related ICS, mainly on the basis of spot checks and taking into account the revised version of IDW PS 261 and IDW PS 330, which are specialised for this purpose.

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. The major factors influencing the risk and opportunity profile are the global economic trend, 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. Operating risks associated with planned transformation projects are also becoming increasingly relevant and leading to the further ramping up of risk management measures, for example in the form of comprehensive communication measures. Furthermore, strategic risks in the form of restrictions in the ability of ships to navigate the Elbe are once again increasing in significance.

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

Ranking of HHLA Group's material risks

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

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.

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 insurance is largely in place to cover those that do exist.

The war in Ukraine has led to an increase in risks affecting business activities in Ukraine and overall global economic development. HHLA is in a position 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 with flows of goods supplied by HHLA is a key precondition for the future development of container throughput, transport volumes and logistics services.

The various crises of 2022, and especially the war in Ukraine, led to repeated adjustments of forecasts for global GDP and global trade. The IMF currently expects global economic growth to weaken to an estimated 3.4 % for 2022 and 2.9 % for 2023. Due to ongoing global economic and political tensions, these figures are still subject to a degree of uncertainty.

The growth forecast for China – the most important shipping region for the Port of Hamburg – is below the global average at 3.0 % for 2022 with economic growth of 5.2 % forecast for 2023. The main reasons for this are China’s weaker real estate market, the effects of the current resurgence of Covid-19 following the end of China's zero-Covid strategy and the slower than expected recovery in consumer spending. Economic environment

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 significant proportion of their intercontinental trade, also offers opportunities for a stronger volume trend. 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, this scenario is countered by the many challenges and uncertainties mentioned, which means that the likelihood of such opportunities arising during the coming year is low.

The market research institute Drewry is now forecasting negative growth of -0.5 % for global container throughput in 2022 and expects low growth of 0.8 % for 2023. These estimates are also subject to uncertainty due to the ongoing geopolitical tensions and the development of inflation rates. Although they remain relevant to HHLA, the associated volume and capacity risks are still classified as unlikely for the time being. Outlook for the sector development

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

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, 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 gradual transformation processes that will be implemented one step at a time by 2025. Other factors affecting the competitive position of terminal operators are the geographical location of ports, the scope and quality of their hinterland links and their accessibility from the sea.

Price sensitivity of shipping company customers, particularly for overseas traffic and transshipment, is expected to increase during 2023 with weak growth in containerised global trade. This could lead to a shift in volumes to competitors.

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 higher than in the previous year.

HHLA constantly improves its competitiveness by 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 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 our own hub terminals and the expansion of the network through the construction or acquisition of further terminals (construction of another new hub terminal in Hungary, acquisition of a terminal in Malaszewicze in 2022) will strengthen the performance of HHLA's hinterland network. Moreover, regulatory measures may increase the competitiveness of rail transportation in the intermodal marketplace.

Customer structure

As a result of fierce competition, HHLA remains exposed to risks and opportunities from temporary or structural shifts in services provided by shipping company customers between the North Range ports and in the Port of Hamburg. As volumes per service and ship call increase with the use of ever-larger vessels, the impact on capacity utilisation at seaport terminals also grows. The risks resulting from significant changes to the current service structure are lower than in the previous year but still remain 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 minority stake of CSPL – aimed at making Tollerort a preferred hub for COSCO traffic in Europe – may provide long-term planning and employment security. The German government has now approved the shareholding under specific conditions, primarily limiting the share of voting rights to 24.99 %. In addition, HHLA aims to enhance added value for its customers by expanding its mega-ship handling activities, continuing to develop the quality of its services and 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 owing to geopolitical factors and environmental policy targets. These risks can adversely affect the earnings of the energy-intensive Container and Intermodal segments. Even taking into account the electricity price cap initially agreed by the German government for 2023, the risk of rising energy prices remains material. The occurrence of this risk is still regarded as possible. Macroeconomic forecast

HHLA is therefore taking steps to increase energy efficiency and pursuing a strategically focused procurement policy that favours electricity from climate-neutral production. It will be necessary to pass on price rises to the market where possible.

Traction/track costs

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 track fees. These authorities include the Federal Network Agency and the Federal Railway Authority in Germany as well as corresponding bodies abroad at EU level. In 2021, the German government also decided to reduce track fees in order to facilitate a carrier-neutral allocation of infrastructure costs and achieve the political aim of a rail/road modal split of 25/75 % by 2030. The risk of increased traction/track costs therefore remains immaterial for HHLA. Risks and opportunities. 1. Market environment; 3. Other risk and opportunity factors; 6. Strategic environment

To reduce the level of dependency on national railway companies for traction services and to enhance production quality, HHLA is expanding its own facilities and rolling stock 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. For example, the high level of fixed costs associated with large parts of HHLA's business model 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. The terminal in Odessa is at risk due to the war in Ukraine. Our net assets, financial and earnings position may be affected. Material risks (expropriation, destruction, breach of contract) are largely hedged by German government guarantees. Changing interest rates, triggered by inflation and a more restrictive monetary policy, are tending to lower present values when performing impairment tests. HHLA regularly checks for any impairment of its assets and makes adjustments where necessary. As in the previous year, impairment risks indicate a medium level of damage, with the occurrence of the risk still 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 primarily in euros or dollars. Currency or transfer risks therefore result primarily from exchange rate fluctuations affecting Central and Eastern European currencies. For this reason, it is 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 war in Ukraine. This means that the relevant exchange rate risks are subject to high levels of uncertainty. There are also exchange rate risks related to the measurement of euro loans at companies which are distributed 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 higher than in the previous year; in the medium term, however, the risks could increase further, particularly given the planned expansion of Intermodal activities.

All HHLA companies operating 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

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 are continuing to benefit considerably from this trend; despite uncertainty on the market as a result of the coronavirus pandemic and increasing geopolitical tensions, they still achieved high earnings in 2022. This high level looks set to decline in 2023 due to lower freight rates and overcapacities in shipping. 1. Market environment

In the Container segment, the risk of customer insolvency – with the corresponding loss of throughput and receivables – is still regarded as very unlikely due to the recent high earnings of shipping company customers and is thus immaterial in the reporting period. However, as uncertainties remain with regard to weaker demand due to inflation, the development of bunker costs and the likelihood of further freight rate decreases in 2023, influenced by shipping company capacity management, this risk continues to be monitored.

For Logistics properties and in the Speicherstadt historical warehouse district, there are still rent default risks and with them the risk of costs for any necessary modification or renovation of rented space. HHLA is in close contact with its tenants in order to adopt any necessary measures quickly. As in the previous year, it is deemed unlikely that any such risks will occur.

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 end of the European Central Bank's quantitative easing policy is leading to an initial normalisation of the relevant interest rate used to calculate the present value of pension obligations. Further interest rate adjustments are likely in order to steady inflation rates. The risk of pension provisions increasing due to lower interest rates has decreased further since last year, with the risk of occurrence deemed unlikely. HHLA monitors interest trends so that it can adjust its provisions as necessary.

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

3. Other risk and opportunity factors

Climate risks

The results of the risk and vulnerability assessment conducted for the first time in 2022 in accordance with the requirements of the EU Taxonomy show that the climate risks of floods and landslides as a result of extreme weather events, which have already been identified as significant, are not expected to change significantly in the period under consideration until 2050 on the basis of current climate data. There are no other material climate risks at present. As a result, no further adaptive solutions or modifications to the existing measures are required at present.

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 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

In the course of climate change, an increase in extreme weather events can also be observed 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. As in the previous year, 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. The focus is on equity investments aimed at expanding or supplementing the portfolio in the core segments of Container and Intermodal, as well as in 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. In 2022, HHLA therefore acquired the logistics company CL EUROPORT in Malaszewicze near the Belarusian border, adding a further major hub to the freight transport network within Central and Eastern Europe and for Eurasian transportation.

Technological innovations and digitalisation

One of HHLA's goals is to relieve pressure on the transport infrastructure in and around the Port of Hamburg by seeking innovative and sustainable solutions and by using the capacities of its terminals more efficiently. To achieve this, HHLA uses machine learning at 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 produce additional opportunities for boosting efficiency and value added in future.

Such opportunities are associated with certain start-up costs and an entrepreneurial risk that must be carefully reviewed and weighed up against the corresponding opportunities.
Innovation

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. Moreover, significant demands for the release of data may be made. Extensive protective mechanisms for incoming data and communication, as well as control measures such as secure back-ups, serve to protect against attacks and/or significantly reduce the impact of any damage. In view of the rising number of cyber attacks on companies, particularly against the backdrop of the war in Ukraine, the risk that HHLA could also be affected by a damaging attack remains moderate.

5. Service provision risks

Price calculation risks in the Speicherstadt historical warehouse district

Due to the continually high workload in the construction sector and the ongoing 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 projects serve to optimise costs. Given their high likelihood of occurrence, these have been taken into account in our planning. No other risks have been identified at present.

Strike risks

Disputes relating to collective bargaining or transformation processes may lead to interruptions or delays to operations, with a corresponding impact on earnings, especially in the Container and Intermodal segments. As external strikes are relevant to 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. This is counteracted by means of extensive communication regarding transformation processes and the close involvement of the works council.

Other operating risks

Moreover, transformation processes and the corresponding achievement of planned project targets may be delayed. We aim to prevent any delays by taking extensive communication measures and ensuring the close involvement of all parties. Against the backdrop of potential staff shortages, this risk has increased since the previous year.

Due to the special structures and age of the buildings in the Speicherstadt historical warehouse district, short-notice renovation requirements may go beyond the scope of our planning. This may result in unscheduled additional costs. Structural appraisals and expert assessments allow the occurrence of any risks to be detected at an early stage. As a result of increasing construction costs, the risk is now considered material.

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, still cannot be ruled out. As a result of measures taken, particularly in the form of tests and analyses prior to purchase, this risk is deemed unlikely.

In addition to their economic impact, pandemics can disrupt or interrupt operations within the HHLA Group due to illness. In the course of the coronavirus pandemic, HHLA implemented extensive measures to ensure the safety of its employees and the continuation of its operations. According to the Robert Koch Institute (RKI), the pandemic has now entered the endemic, wave-like phase. According to the German Protection Against Infection Act, no regulations are currently in place affecting HHLA at the reporting date. At present, the service provision risks from pandemics are still deemed immaterial.

6. 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 and ensure facilities are not jeopardised. Infrastructural deficits such as the current restrictions on navigability of the river Elbe due to silt could cause throughput and transport volumes to bypass HHLA's sites. Attempts are currently being made to remove the restrictions on the river Elbe. How these risks will develop over the medium and long term remains to be seen.

The regional road and rail infrastructure must be modernised and expanded if the Port of Hamburg wants to retain and enhance its competitiveness while optimising processes for 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 linked to poor rail infrastructure or delays caused by construction work, for example. The flexibility of its own rolling stock helps to ensure that any impact on earnings from such events is unlikely and still not deemed a material risk to the HHLA Group. Projects of special significance to HHLA in the medium term include the replacement of the Köhlbrand Bridge, 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.

7. Legal risks

Compliance incidents

Well-trained and motivated employees are the foundation of responsible business activities. The Group's relationship with its employees is informed by its sense of social responsibility. Staff representatives are closely and actively involved in Group decision-making and take their responsibilities seriously. However, it is impossible completely to 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 which 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. The Group has also issued a Code of Conduct that applies to all Group managers and staff. In line with the current risk profile, training sessions are held regularly on the contents of the Code of Conduct as well as other specialised issues such as the prevention of corruption and conduct in the competitive environment. All of these activities are supported by additional communication measures, for example via the HHLA intranet. There are also opportunities for both employees and third parties to report violations via the whistle-blower hotline. Should compliance violations occur, specific process adjustments may be undertaken to prevent them in future. In cases of theft, for instance, corresponding security measures are reviewed and possibly introduced to prevent as far as possible any more such items going missing. Furthermore, regular analysis of compliance risks and IT-based business partner screening – which enables the risk-oriented screening of HHLA business partners across the Group – 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 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, and could 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 wherever possible. Against this backdrop, the risks are lower than in the previous year’s assessment and deemed immaterial.

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

Business forecast

Macroeconomic forecast

Growth expectations for GDP

Growth expectation in %	2023	Trend vs. 2022
World	2.9	↘
Advanced economies	1.2	↘
USA	1.4	↘
Emerging economies	4.0	→
China	5.2	↗
Russia	0.3	↗
Eurozone	0.7	↘
Central and Eastern Europe (emerging European economies)	1.5	↗
Germany	0.1	↘
World trade	2.4	↘

Source: International Monetary Fund (IMF); January 2023

The global economy will continue to be burdened by the Russian invasion of Ukraine as well as high inflation in 2023. However, the impact of the coronavirus pandemic is likely to diminish over the course of the year, especially as China abandons its zero-Covid policy.

Overall, there are positive signals for the global economy, with various national economies showing unexpectedly high resilience. It appears that the more stringent fiscal policy is starting to bear fruit. Global inflation rates seem to have reached their peak in the third quarter of 2022. In view of the improved outlook, the International Monetary Fund (IMF) does not expect the **global economy** to slide into recession this year – something that had not been ruled out in the autumn forecast of 2022. The IMF is now more upbeat about the macroeconomic outlook and has upgraded its latest forecast for global economic growth slightly by 0.2 percentage points to 2.9 %. At the same time, global growth remains below the "historic average" of the past two decades. The IMF's forecast of low growth in 2023 reflects the rapid rise of central bank interest rates in an effort to combat inflation – particularly in advanced economies – as well as the uncertainty caused by the war in Ukraine.

The economic slowdown in 2023 compared with the previous year emanates from the **advanced economies**. Meanwhile, growth in the **emerging and developing economies** is thought to have reached its lowest point in 2022.

Global trade will weaken in 2023 as a result of the slower pace of economic growth. A fall in demand for goods and the expected weakening of the pandemic in China will continue to reduce imbalances and alleviate problems in global supply chains. According to IMF estimates, **global trade volumes** will grow by 2.4 % this year.

The outlook for those economic regions of particular significance to HHLA varies for 2023. The IMF expects economic growth in **China** to gather momentum and has significantly upgraded its economic outlook for the world's second-biggest economy by 0.8 percentage points to 5.2 %. The easing of its zero-Covid policy and rapidly improving mobility are likely to facilitate a faster economic recovery. The significant improvement in the economic outlook is also reflected in the Purchasing Mangers' Index (PMI), which acts as an indicator of business sentiment for the world's second-largest economy.

In **Russia**, the decline in economic activity appears to have bottomed out in 2022. The oil embargo against Russia imposed by the European Union and the price cap on Russian gas agreed with the G7 countries are not having the desired effect. Crude oil exports from Russia are being transferred to countries that are not imposing sanctions. In 2023, the IMF expects to see Russian economic output expand slightly by 0.3 %. The outlook for the **Ukrainian economy** depends on how the war develops and is completely uncertain. For this reason, the IMF did not make any estimates regarding economic developments in Ukraine in its October 2022 forecast.

The IMF's experts anticipate economic growth of 1.5 % for the emerging economies of Central and Eastern Europe. In view of unexpected resilience, the latest developments in the **eurozone** give cause for hope. As a result, the IMF expects that macroeconomic activity in the eurozone will expand by 0.7 % in 2023. According to the IMF's latest estimates from October 2022, **Estonian GDP** is expected to achieve growth of 1.8 %. Italy's economic output is set to grow by 0.6 % and thus avoid the recession previously forecast by the IMF for Italy and Germany in 2023. However, the growth forecast for **Germany** is low at 0.1 %.

Forecast for the sector development

In view of the macroeconomic outlook, the market research institute Drewry downgraded its forecast for **global container throughput** and anticipates low growth of 0.8 % for container volumes at the world's ports in 2023.

For **China**, the most important shipping region for the Port of Hamburg, Drewry expects only a slight increase of 0.3 % in container throughput in 2023. According to the market research institute, one uncertainty that cannot be gauged in the outlook for China is the end of Beijing's zero-Covid policy in December 2022. The forecasts for European ports indicate a modest recovery for 2023. Experts estimate a growth rate for the European shipping region of 2.1 % in the current year. This upturn will apply to almost all shipping regions. A slight recovery of 2.1 % is also expected in container throughput for the North-West European ports compared to 2022.

Expected container throughput by shipping region

Growth expectation in %	**2023**	Trend vs. 2022
World	0.8	↗
Asia as a whole	0.9	↗
China	0.3	↘
Europe as a whole	2.1	↗
North-West Europe	2.1	↗
Scandinavia and the Baltic region	5.6	↗
Western Mediterranean	0.6	↗
Eastern Mediterranean and the Black Sea	2.2	↗

Source: Drewry Maritime Research; December 2022

Following the turbulent development caused by the pandemic – and the effects of unusually high freight rates due to high demand with significant capacity and delivery bottlenecks over the past two years in particular – Drewry now expects the container shipping market to gradually return to its old patterns. Contrary to hopes that consolidations and alliances would lead to shipping companies proactively managing their ship capacities before the container market span out of control, it has become clear that the sector only takes cargo capacity into its own hands when forced to do so by severe losses. Now that demand is levelling off and the container shipping situation is easing, the record flood of orders in 2021 and 2022 appears even more extreme. The market research institute AXS Alphaliner expects the fleet's total carrying capacity to rise to 28.1 million TEU in the forecast period (+8.2 %). In 2023, 362 ships with a carrying capacity of around 2.5 million TEU are scheduled for delivery. Of these, 32 ships will be in the +18,000 TEU category.

Given the easing of demand and a massive expansion of capacities resulting in a further fall in freight rates, Drewry expects lower profitability for shipping companies in 2023. Whereas the sector is thought to have generated US$ 290 billion in 2022, a cumulative operating profit of US$ 15 billion is still expected for 2023.

In view of the continued increase in ship sizes and the resulting rise in container volumes per ship call, the pressure on terminals and hinterland transport systems due to handling peaks will continue to grow. By contrast, the bottlenecks in ports caused by massively disrupted container liner shipping around the world look set to ease. As a result, Drewry expects productivity in ports worldwide to improve noticeably over the coming months.

Expected freight traffic in Germany by modes of transport

Growth expectation in %	**2023**	Trend vs. 2022
Transport volumes	**- 0.1**	→
Road traffic	- 0.2	→
Railway traffic	0.1	→
Multi-modal traffic	2.2	↗
Traffic performance	**0.6**	↗
Road traffic	0.4	↗
Railway traffic	1.0	↗
Multi-modal traffic	2.7	↗

Source: Floating medium-term forecast for freight and passenger transport (Federal Ministry of Transport and Digital Infrastructure); October 2022

The most recent medium-term forecast for cargo and passenger transport in Germany issued by the Federal Ministry of Transport and Digital Infrastructure (BMDV) based on data from October 2022 anticipates that the entire German freight market will virtually stagnate in 2023 as a result of the unfavourable macroeconomic outlook (following Russia's invasion of Ukraine, the effects on Germany's macroeconomic development could be neither predicted nor forecast and were therefore not taken into account). However, in terms of traffic perfor-mance – transport volume multiplied by distance travelled – experts predict a slight rise of 0.6 %. With regard to the individual modes of transport, a slight decrease of 0.2 % is expected for road freight volume in 2023 while traffic performance is expected to achieve low growth of 0.4 %. The volume of goods transported by rail is set to stagnate. By contrast, railway traffic performance is likely to grow by 1.0 % in 2023. At the same time, intermodal traffic is expected to pick up pace in the current year. Volumes will be up by 2.2 % and performance by 2.7 %.

Expected Group performance

Comparison with the forecast of the previous year

The forecast for 2022 published in the 2021 Annual Report was downgraded for container throughput and upgraded for revenue and EBIT in the Real Estate subgroup on publication of the half-year results. With the publication of the quarterly figures for January to September 2022, the forecast was downgraded again for container throughput, and also for container transport for the first time in this financial year. Revenue expectations were also upgraded for the Port Logistics subgroup and for the Group. In addition, capital expenditure was reduced from € 300 million to € 350 million at Group level to between € 210 million and € 260 million, as a result of delays in planned additions to assets. Consequently, capital expenditure for the Port Logistics subgroup were lowered to € 180 million to € 230 million (previously: € 270 million to € 320 million). While capital expenditure at Group level remained only slightly below the most recently issued guidance, all other key figures either confirmed or exceeded this guidance.

Expected earnings position

Note: Given the uncertain further development of average revenue and macroeconomic developments at the time of preparing this report, the following forecast is subject to a high degree of uncertainty. This applies in particular to developments in the geopolitical sphere and their consequences in terms of inflation and economic sanctions. No impairment need has been assumed for the container terminal in Ukraine (CTO). Furthermore, HHLA assumes that revenue from storage fees in the Container segment is set to drop significantly from the start of the year. Earnings position, Events after the balance sheet date, Risk and opportunities

For 2023, the **Port Logistics subgroup** expects a moderate year-on-year increase in both container throughput and container transport. After the development of revenue and operating result (EBIT) in the financial year 2022 was positively influenced by the significant rise in income from storage fees, revenue of the Port Logistics subgroup is expected to be on a par with the previous year in the current financial year. A slight year-on-year decline in revenue in the Container segment and a significant increase in the Intermodal segment are assumed. In addition, an operating result (EBIT) in the range of € 145 to 175 million is considered possible for the Port Logistics subgroup. Within this range, a strong decline in segment EBIT is expected in the Container segment and a moderate increase in the Intermodal segment.

For the **Real Estate subgroup,** revenue is expected to remain at the prior-year level with a significant decline in the operating result (EBIT).

At **Group level,** total revenue is expected to be on a par with the previous year with an operating result (EBIT) in the range of € 160 to 190 million.

Expected financial position

Based on the **liquidity** available as of 31 December 2022, HHLA assumes that it will have sufficient funds at all times to meet its payment obligations.

In order to further increase efficiency and expand capacity in the Container and Intermodal segments, **capital expenditure** at Group level is expected to be in the range of € 250 to 300 million in 2023. The Port Logistics subgroup will account for € 220 to 270 million of this amount. In the Container segment, investments will focus on the efficient use of existing terminal space in the Port of Hamburg and the expansion of foreign terminals, and in the Intermodal segment 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. At the same time, HHLA continues to consider the scalability of its capital expenditure and will adjust it – where necessary – to future economic developments in order to secure the financial stability of the Group.

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.

Audit with limited assurance

Non-financial statement

Non-financial reporting

HHLA's **non-financial statement** is based on the Global Reporting Initiative (GRI) standards “GRI 1: Foundation 2021”, “GRI 2: General disclosures 2021” and disclosures in line with the GRI topic standards for each topic deemed material in accordance with HGB requirements. Furthermore, the UN’s Sustainable Development Goals (SDGs) serve as a framework for determining and aligning our sustainability activities. Corporate and sustainability strategy

The non-financial statement is roughly divided into the sections **Ecology, EU Taxonomy, Society and Corporate Governance**. The non-financial statement does not, however, include the subchapters "Headcount and Personnel Structure" and "Corporate Management Declaration". Due to their thematic proximity, both sub-chapters have been structurally assigned to the section "Society" in the chapter "Working World and Employment" and to the section "Corporate Governance", respectively. They are part of the audit of the Group management report and were audited with reasonable assurance.

HHLA regularly carries out a **materiality analysis** to determine the most important non-financial topics. This was conducted most recently in November 2021. The analysis was based on the valid GRI Standard at the time “GRI 101: Foundation 2016”. Given the upcoming introduction of the Corporate Sustainability Reporting Directive (CSRD), HHLA decided not to initiate a new materiality analysis in 2022 in accordance with the GRI Standard “GRI 3: Material topics 2021” in order to integrate the new requirements of the CSRD in the next survey. Materiality analysis

Where appropriate, the results of this analysis are then attributed to the aspects listed in Section 289c HGB: Environmental Aspects, Employee Aspects, Social Aspects, Respecting Human Rights and Combating Bribery and Corruption. The reconciliation of the reportable aspects as per Section 289c HGB with the topics deemed material by HHLA is shown in the table below.

Reconciliation of the reportable minimum aspects in accordance with CSR-RUG with the material aspects and issues of relevance to HHLA

Content of the non-financial statement according to Sec 289c HGB	Strategic fields of action	Materially valued in the sense of double materiality according to Sec 289c para. 3 HGB	Index of reportable components of the non-financial statement
	Ecology		
Environmental aspects	Climate friendly logistic chains	Operation and expansion of climate friendly logistics chains	Climate friendly logistic chains
	Area optimisation	Efficient use of terminal area	Area optimisation
	Climate protection and energy efficiency	Operational CO_2 neutrality Increase of energy efficiency	Emissions Energy
	Society		
Employee aspects	Working world	Training and education of employees	Headcount and personnel structure Personnel development
	Occupational health and safety	Occupational safety according to international standards for employees	Occupational health and safety
Social aspects[1]			
	Governance		
Respecting human rights[1]	Business ethics and integrity		Respect for human rights
Combating bribery and corruption[1]	Business ethics and integrity		Combating corruption and bribery
	Economy		
	Development of shareholder value	Growth and profitability	Earnings position
	Added value and innovation	Digitalisation for process optimisation	Innovation
Further aspects according to Sec 289c HGB			
Indication of the frameworks used			About this report
Sustainability strategy			Corporate and sustainability strategy
Description of the business model			Operating activities
Material non-financial risks and their management			Risk management Risks and opportunities

1 HHLA takes its responsibility for dealing with the social concerns of business partners, shareholders and the public, respect for human rights, the fight against corruption and bribery very seriously. However, in accordance with the double materiality principle set out in Section 289c (3) of the German Commercial Code (HGB), all matters relating to these aspects are not reportable for HHLA due to their lack of materiality to business. HHLA has decided to report information on these topics on a voluntary basis for reasons of transparency.

Not audited

The **GRI Content Index** offers a further overview of reporting content that is deemed material. https://report.hhla.de/gri

Audit with limited assurance

Materiality analysis

HHLA engages in regular dialogue with its stakeholders, including customers (e.g. shipping companies), clients of customers (e.g. forwarders), employees, suppliers, potential and existing shareholders and investors, associations and institutions, research institutes, political decision makers, non-governmental organisations (NGOs), local residents and interested members of the public.

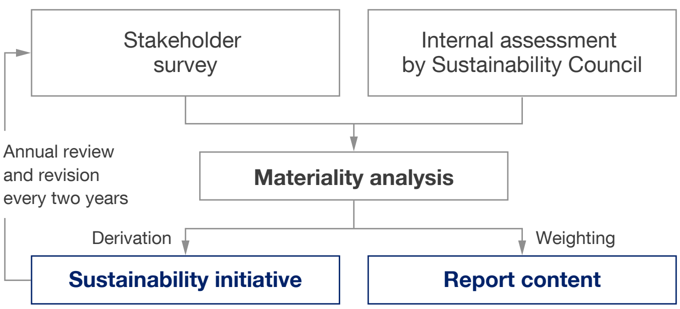
Process and results of the stakeholder survey

In order to obtain an up-to-date overview of stakeholder 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 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, clients of customers, 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 in Hamburg.

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. Corporate and 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.

The materiality analysis process



In total, approximately 60 people rated topics of potential relevance to HHLA (customers, business partners, suppliers, investors and HHLA staff in particular). Stakeholders also had the chance to rate the importance of topics, as well as to 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.

Results of the stakeholder survey and materiality assessment

The results of the stakeholder survey largely correspond with the results of previous stakeholder surveys. None of the potentially relevant topics covered were rated as immaterial or hardly material.

The HHLA topics categorised as material or very material in the stakeholder survey were analysed by an **internal 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 to the success of the company **under the double materiality considerations as defined in Section 289c (3) HGB**.

HHLA takes its responsibility in dealing with social aspects that concern business partners, shareholders and the general public very seriously. Similarly, compliance, data privacy, respecting human rights, and combating corruption and bribery are also seen as fundamental requirements for sustainable corporate governance. Due to a lack of business relevance, however, none of these topics were deemed material to HHLA as per Section 289c (3) HGB. Irrespective of this, respecting human rights and combating corruption and bribery are reportable aspects and thus constitute part of the non-financial statement. For reasons of transparency, however, HHLA has decided to report information on these topics on a voluntary basis.

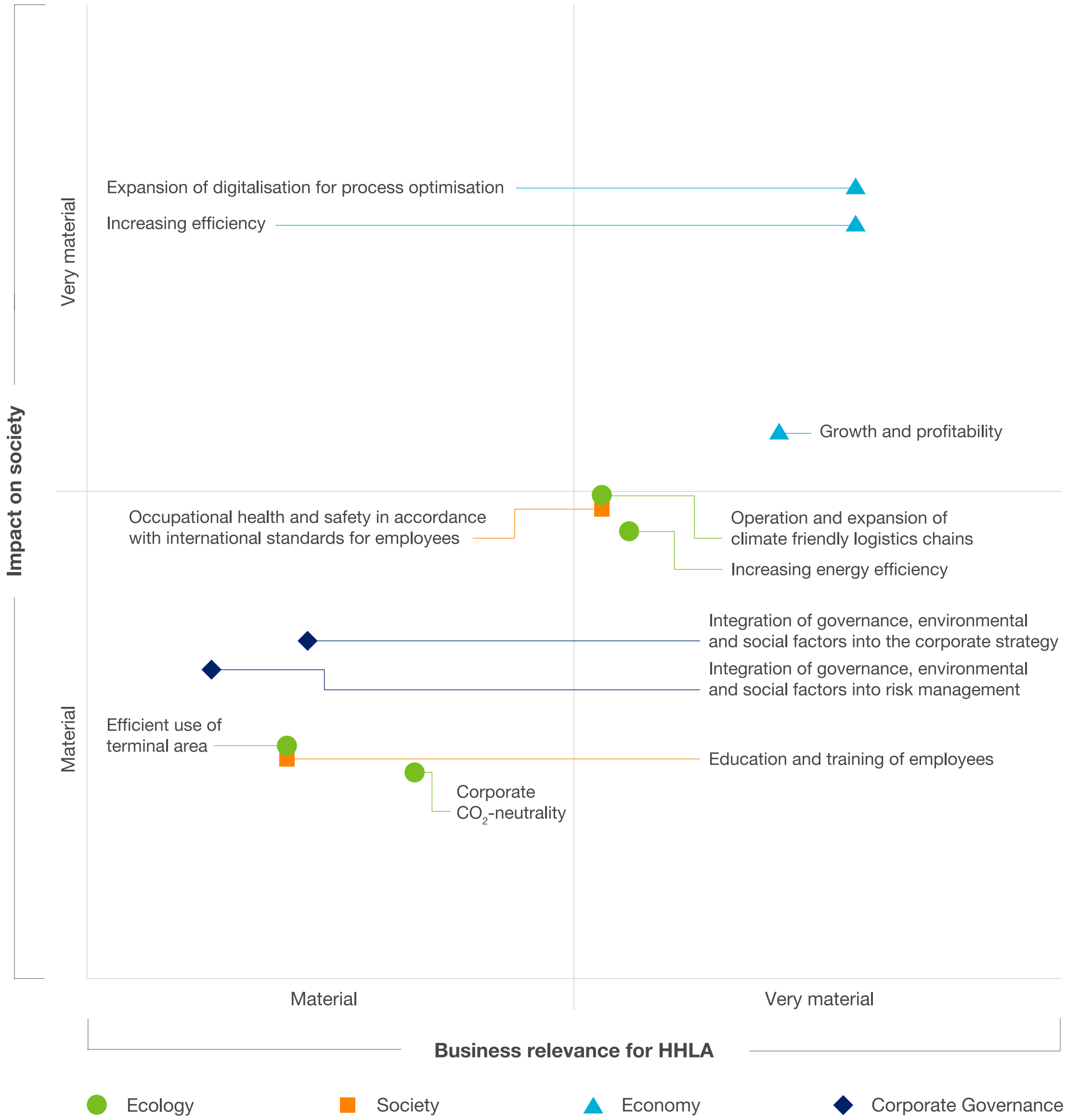
Results of the stakeholder survey

	Relevance of the topics for the stakeholders asked		Materially valued in the sense of double materiality according to Section 289c (3) HGB
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	Operation and expansion of climate friendly logistics chains
Land conservation	Efficient use of terminal area		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	Increase of energy efficiency Operational CO_2 neutrality
Environmental and resource protection	Reduction of resource consumption Promotion of the circular economy Conservation and promotion of biodiversity Reduction of light emissions		
Society			
Working environment	Attractiveness as an employer Securing jobs Education and training of employees		Training and education of employees (personnel development)
Health and safety	Health promotion of employees	Occupational safety according to international standards for employees	Occupational safety according to international standards for employees
Social responsibility	Active stakeholder dialogue Social or social engagement		
Business partners	Supply chain transparency Purchasing policies related to environmental, social and governance	Strengthen customer relationships	
Governance			
Strategy and management	Integrate governance, environmental and social factors into corporate strategy Integrate governance, environmental and social factors into risk 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	
Economy			
Development of shareholder value	Stable dividend payout Capital market positioning as a sustainable investment	Growth and profitability	Growth and profitability
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	Expansion of digitalisation for process optimisation Enhancement of efficiency

The results 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. Corporate and sustainability strategy

Materiality matrix

Material topics for HHLA in line with the double materiality clause set out in Section 289c (3) HGB



Audit with limited assurance

Sustainability management

To implement the sustainability strategy, the Sustainability department reports to the Executive Board. Persons are appointed to be responsible for the individual topics of the sustainability strategy and are coordinated by the Sustainability department. The strategic significance of sustainability-related topics is also reflected in components of variable remuneration for the Executive Board.

As components of the targets agreed with the Executive Board, the three-year average of the annual specific CO_2 emission development, the three-year average of the annual employment development and the three-year average of the annual development of the expenses for initial training, company training and continuous education in relation to the number of employees are included in Executive Board remuneration. In each case, a target corridor was defined, the achievement of which triggers a corresponding bonus. Remuneration report and remuneration system

Ecology

Not audited

Climate change and climate protection

Accounting for around one fifth of all carbon emissions in the European Union (EU), the transport sector is a major emitter of CO_2. 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.

The real estate sector is the fourth-biggest emitter of greenhouse gases in Germany, after the energy sector, the industrial sector and the transport sector. HHLA's real estate portfolio primarily consists of properties in the Speicherstadt historical warehouse district, a UNESCO World Heritage Site. With regard to the energy-related enhancement of the Speicherstadt historical warehouse district, correspondingly high standards for landmarked buildings must be taken into consideration.

Audit with limited assurance

Climate friendly logistic chains

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 as well as 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-aligned. HHLA and its rail subsidiary 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.

As part of the Landstrom in Hamburg (LiH) project, the **Hamburg Port Authority (HPA)** plans and constructs facilities for supplying container ships with shore-side electricity at HHLA's Burchardkai and Tollerort container terminals. HHLA supports this project by allowing its existing facility components to be used for a fee, coordinating construction workflows and making its space available. When the project is complete, three shore-side electricity connection points will be available at the Container Terminal Burchardkai (CTB), and one at the Container Terminal Tollerort (CTT). The planning for shore-side connection points at the Container Terminal Altenwerder (CTA) has commenced.

With its **HHLA Pure** product, HHLA offers its customers container transport and container handling services that have been certified as climate neutral according to TÜV Nord Standard TN-CC-020 at all Hamburg container terminals and most routes in the METRANS network.

Audit with limited assurance

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. In the reporting year, work continued at CTB on the construction of a further four storage blocks, which will begin operation in the course of 2023. An additional three storage blocks were ordered in the reporting year. 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. A further five new large gantry cranes were ordered for CTB in the reporting year. 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.

Audit with limited assurance

Emissions

In order to effectively mitigate climate change, HHLA focuses on lowering its absolute CO_2e 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_2e emissions on the other.

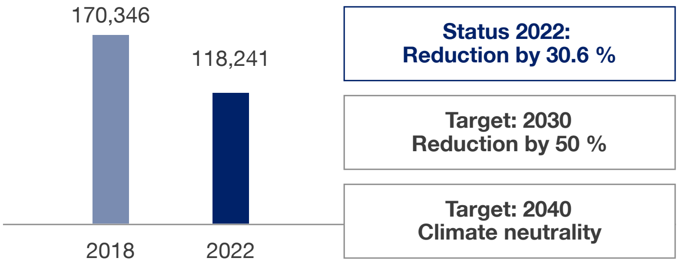
HHLA **calculates its CO_2e emissions** on the basis of the Greenhouse Gas Protocol Corporate Standard (Revised Edition), an international standard for recording greenhouse gas emissions. The calculation takes into account tank-to-wheel emissions for the fuels and market-based emission factors. The emission factors for fossil fuels are taken from the Global Logistics Emissions Council (GLEC) Framework. The emission factors for electricity, for which no market-based emission factors are available, were published by the IEA (International Energy Agency). In the reporting year, the calculation was changed to CO_2 equivalents (CO_2e), so that in addition to the climate impact of pure CO_2 emissions, the climate impact of other greenhouse gases (such as N_2O) is also taken into account in the survey of CO_2 equivalents. These values are almost comparable. It was decided not to adjust the greenhouse gas balance retroactively.

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 locally emission-free in the calculation of specific emissions. For the calculation of absolute emissions, the CO_2e 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_2e emissions in line with the recommendations of the European Economics Environment Group (EEEG). The recommendations of the EEEG working group are also taken into account in the Global Logistics Emissions Council (GLEC) Framework 2.0.

The outstanding importance of reduced absolute CO_2e emissions is expressed by HHLA's **climate protection target**: to reduce absolute CO_2e emissions by at least 50 % by 2030 **and to become fully climate-neutral by 2040** (in relation to Scope 1 and Scope 2). The base year is 2018. In a comparison between the base year and the reporting year, absolute Scope 1 and Scope 2 CO_2e emissions decreased by 30.6 % to 118,241 tonnes (2018: 170,346 tonnes).

Absolute CO_2e emissions

in tonnes



CO_2 emissions up until 2021, CO_2e emissions as and from 2022

Including the use of electricity from renewable sources, which led to a 87,888 -tonne reduction in CO_2e emissions, **absolute CO_2e emissions** decreased by 5.0 % to 118,241 tonnes (previous year: 124,418 tonnes). CO_2e emissions were influenced in particular by three developments:

- The closure of Container Terminal Odessa (CTO) on 24 February 2022 as a result of the Russian invasion
- The disruption to global supply chains resulting in very high levels of storage capacity utilisation and associated higher energy usage at the container terminals in Hamburg
- The continuing electrification at Container Terminal Altenwerder (CTA)

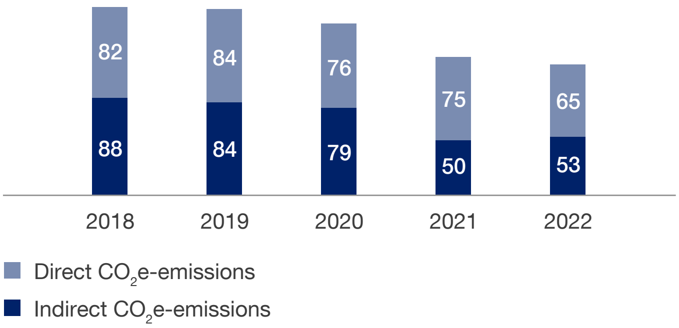
The Group's gas consumption decreased significantly in the 2022 financial year by 77.5 % (from 75 to 17 gigawatt-hours (GWh), as the operation of a CHP unit was discontinued. As a result, the additional procurement of electricity from renewable energy sources to compensate for the CHP's higher CO_2e emissions also ceased. This meant that the share of renewable energies within overall electricity consumption fell to 53.4 % (previous year: 60.0 %), while the share of renewable energies within overall energy consumption rose slightly to 31.3 % (previous year: 31.0 %). While 205.4 gigawatt-hours (GWh) of electricity was procured from renewable energy sources in 2021, this volume decreased to 190.4 GWh in the reporting year. Traction-related CO_2e emissions due to the use of electric locomotives decreased by 13.8 % to 33,239 tonnes during the reporting year (previous year: 38,581 tonnes).

Electricity from renewables was used in the following areas in the reporting year:

- For electric rail transport conducted by METRANS companies in Germany and Austria
- **For all office buildings and workshops in Hamburg** occupied by HHLA, Container Terminal Altenwerder (CTA), the all-electric yard crane system at Container Terminal Burchardkai (CTB) and for the rail gantry cranes at Container Terminal Burchardkai (CTB) and Container Terminal Tollerort (CTT).
- With regard to **international investments**, HHLA's TK Estonia terminal procures electricity from renewable sources and produces electricity from a photovoltaic system constructed in the reporting year.

Direct and indirect CO_2e emissions

in thousand tonnes

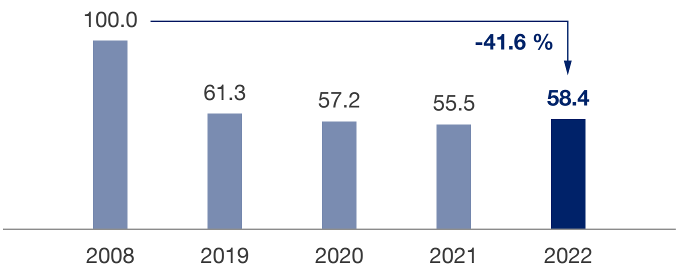


CO_2 emissions until 2021, CO_2e emissions from 2022

The absolute CO_2e emissions of the four pure container terminals operated by HHLA fell by 3,324 tonnes to 50,258 tonnes compared with the previous year. Compared with the base year 2008, specific CO_2e emissions decreased by 41.6 %. Activities organised and carried out at HHLA terminals by third parties that resulted in CO_2e emissions are not included in the statistics.

Trends in specific CO_2e emissions

Specific CO_2e emissions compared with 2008 in %



CO_2 emissions until 2021, CO_2e emissions from 2022

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. Remuneration report and remuneration system

Certified climate neutrality

CTA in Hamburg is the world's first certified climate-neutral container handling facility. It is largely electrified, using power from renewable energy sources. Terminal processes that still produce CO_2e emissions are being gradually electrified or the transition to electricity is being field-tested. During the reporting year, the CO_2e 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 (which takes into account emissions from stationary and mobile combustion, like natural gas or diesel, from imported electricity, emissions from commuter traffic, and upstream chains of the energy sources used). All unavoidable CO_2e emissions resulting from container throughput (including Scope 3 emissions), amounting to 11,836 tonnes (previous year: 16,073 tonnes), were offset via Gold Standard projects.

CO_2e emissions for transporting a standard container to and 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 (in accordance with TÜV Nord Standard TN-CC-020; this takes into account emissions from stationary and mobile combustion, like natural gas or diesel, as well as from imported electricity). In accordance with this standard, emissions were reduced as far as possible; the unavoidable CO_2e emissions of 49,457 tonnes (previous year: 45,118 tonnes) were offset via Gold Standard climate protection projects. During the reporting year, a total of 917,152 standard containers (TEU) were transported on a climate-neutral basis with HHLA Pure (previous year: 911,975 TEU).

Measures to reduce CO_2e emissions

An extensive **programme to boost energy efficiency** and thus lower CO_2e emissions within individual HHLA companies was continued during the reporting year with a variety of measures. These include fitting and retrofitting equipment with more energy-efficient technologies such as adding another ten units to the fleet of battery-operated automated guided vehicles and replacing more of the existing lighting in open areas with LEDs.

Audit with limited assurance

Energy

Direct and indirect energy consumption and supply

	2022	2021	2020	2019	2018
Diesel, petrol and heating oil in million litres	23.2	24.1	24.1	28.0	28.4
Natural gas in million m^3	1.9	7.5	9.1	8.0	4.4
Electricity (without traction) in million kWh	149.4	133.7	117.0	123.2	135.9
thereof electricity from renewable energies	82.4	97.4	86.2	78.7	78.9
Traction current in million kWh	206.7	208.7	191.9	185.0	181.4
thereof electricity from renewable energies	117.4	115.7	6.6	–	–
District heating in million kWh	3.9	4.0	3.1	3.6	3.7
thereof district heating from renewable energies	2.8	2.5	2.2	2.6	2.7
District heating supply in million kWh	0	25.5	32.8	33.3	10.9

Consumption of natural gas, traction current and district heating in 2022 is based on preliminary and estimated figures.

HHLA's climate protection goal can be achieved by **increasing the proportion of renewables in the Group's energy mix**. For substantial CO_2e reductions, HHLA aims 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 117 in the reporting period (previous year: 96).
- Ten locally emission-free, battery-operated automated guided vehicles (AGVs) were put into operation at Container Terminal Altenwerder (CTA) in 2022 as we continued the expansion of our fleet of particularly energy-efficient and low-pollution **heavy equipment**.
- In the reporting year, work continued at Container Terminal Burchardkai (CTB) on a further four electrified **storage blocks,** each with three stacking cranes. After they commence operation as planned in 2023, this will enable containers to be stored and retrieved efficiently, with low emissions and requiring little space.
- At HHLA TK Estonia, the first photovoltaic system was put into operation.
- 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 effectiveness of the existing **energy management system, certified** according to DIN ISO 50001:2018 and covering all HHLA companies with measurable energy consumption in Germany, was reaffirmed during the reporting period.

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 decarbonisation efforts, especially in port handling operations and in heavy goods logistics. For this reason, HHLA established the Clean Port & Logistics innovation cluster, a platform on which technologies powered primarily by hydrogen fuel cells are tested on port handling operations and heavy goods transportation and brought to market. More than 35 other companies from Europe, Asia as well as North and South America are involved in the cluster. It was put into operation in October 2022. The necessary infrastructure is currently being established and concepts for the change-over are in development. Initial tests are planned for the second half of 2023.

HHLA also plays an active role in the H2Global Foundation and is one of 240 partners from science and industry involved in the TransHyDE project. In this context, it is working actively on the import and distribution of hydrogen and its derivatives. Together with its partners, initial trial deliveries of CO_2-reduced ammonia were handled in Hamburg at HHLA's climate-neutral terminal Altenwerder in 2022 and transported onwards to the European hinterland, including by rail. The experience gained from doing this should accelerate and support the scaling-up of imports. Emissions

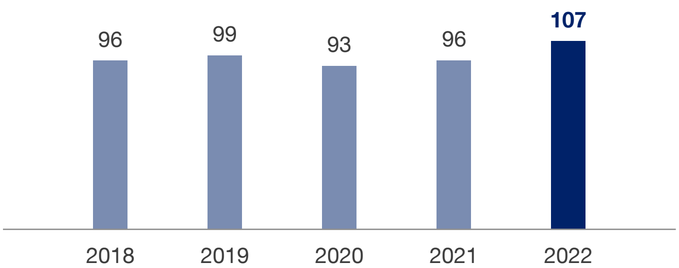
Not audited

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, Georgia, Germany, Hungary, Italy, Poland, Slovakia, Slovenia and Ukraine **consumed** 106,693 m^3 of water in 2022 (previous year: 95,791 m^3). HHLA's facilities draw water from the public supply network.

Water consumption

in dam^3



HHLA locations: Austria, Czech Republic, Estonia, Georgia, Germany, Hungary, Italy, Poland, Slovakia, Slovenia and Ukraine

Not audited

Use of resources and circular economy

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 increased by 17.5 % to 8,635 tonnes in the reporting period (previous year: 7,350 tonnes). This increase was primarily due to a significant rise in the volume of fruit waste.

Non-hazardous waste

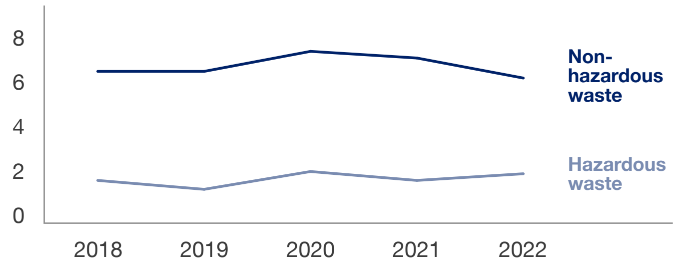
Fruit waste, which accounts for the largest percentage of waste at 39 %, increased by 74.6 % to 3,369 tonnes in the 2022 financial year (previous year: 1,929 tonnes). This type of waste includes fruit – such as bananas or pineapple – no longer suitable for consumption or processing. HHLA has no influence 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, 2,804 tonnes (previous year: 1,451 tonnes), was used by an external biogas plant in order to generate electricity. 538,002 kWh of electricity were produced without CO_2 in this way during the reporting period.

Mixed metals were the second-largest type of waste in the reporting year. Their volume fell by 21 % to 734 tonnes (previous year: 954 tonnes). The category 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.

As the fourth-largest type of waste, packaging made from paper, cardboard and mixed paper decreased slightly in the reporting year by 2.2 % to 527 tonnes (previous year: 516 tonnes). Commercial waste for pretreatment and mixed packaging was the fifth-largest type of waste. In 2022, the volumes fell by 16.9 % to 500 tonnes (previous year: 601 tonnes).

Waste volume

in thousand tonnes



Hazardous waste

The largest waste type by volume classified as hazardous was sludge from oil/water separators. This figure decreased by 0.2 % to 557 tonnes (previous year: 559 tonnes). This type of waste primarily results from the cleaning of straddle carriers and other large equipment with pressure washers and is the third-largest waste category overall. The waste type comprising glass, plastic and wood with hazardous substances, which is produced during rail construction work at the port terminals, for example, increased by 140.3 % to 469 tonnes (previous year: 195 tonnes). This type of waste represents the sixth-largest waste category overall.

Recycling

After energy – and excluding investments in equipment and machinery – construction materials are the 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 rose year-on-year by 73.5 % to 37,547 tonnes (previous year: 21,646 tonnes). This increase was due to the preparation and construction of shore-side power stations and the renovation of rail preliminary queue areas at Container Terminal Burchardkai (CTB) in the reporting year. These construction activities also account for the largest share of recycled building materials: electric furnace slag, accounting for 42.9 % or 16,118 tonnes (previous year: 676 tonnes).

The use of slag from waste incineration plants that was bonded with cement accounted for the second-largest share, at 26.0 % or 9,763 tonnes. This was used to expand the storage crane blocks at CTB. With a share of 23.6 % and a material input of 8,850 tonnes, asphalt recycling was primarily used for resurfacing at CTA, CTB and CTT as well as for the renovation of block storage facilities at CTA. In addition, a total of 2,816 tonnes (7.5 %) of pure slag from waste incineration plants was used for the renovation of block storage facilities at CTB. The use of recycled building materials minimises the consumption of resources and reduces greenhouse gas emissions.

The use of retreaded tyres for container handling equipment and container chassis, or the on-site cleaning and reuse of used oils also improve the utilisation of resources. These methods are utilised in various areas.

Audit with limited assurance

EU taxonomy

Framework and application of the 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 economic activities in the EU can be deemed "environmentally sustainable". Company-specific information on the results of this classification must be reported annually. In June 2021, the final classifications for environmentally sustainable economic activities were published for the first two of the six environmental objectives. The following six environmental objectives 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 economic activities under the EU taxonomy (EU catalogue) for the two environmental objectives of "climate change mitigation" and "climate change adaptation". The description of the economic activity in the delegated acts determines which economic activities can generally be considered.

Definition of sustainable economic activities

With regard to the classification of an economic 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 an economic activity is described in the delegated act and thus taxonomy-eligible. Economic activities which are exclusively taxonomy-eligible can then be identified as taxonomy-aligned and therefore sustainable. This requires that these economic activities fulfil three conditions: they must contribute to an environmental objective and they must not cause significant harm to any of the six environmental objectives in any way, i.e. have a negative impact on them. Furthermore, these activities must fulfil minimum safeguards, such as compliance with human rights.

Application of the EU taxonomy

As a result of Section 315b (1) HGB and Art. 8 (1) Taxonomy Regulation, HHLA is obliged to comply with the requirements set out in the Taxonomy Regulation. Under the provisions of the Taxonomy Regulation, the share of taxonomy-eligible economic activities within revenue, capital expenditure and operating expenses was reported in the 2021 reporting year. Disclosure of the share of taxonomy-aligned economic activities is required for the first time for the 2022 financial year. All of HHLA’s fully consolidated affiliates are included in this analysis.

Audit with limited assurance

Analysis of economic activities of HHLA

Taxonomy-eligible economic activities

The definitions of taxonomy-eligible economic activities (“eligibility”) for the objectives “climate change mitigation” and “climate change adaptation” can be found in the annexes to the Delegated Regulation of the European Commission supplementing Regulation (EU) 2020/852.

After reviewing the definitions of economic activities in accordance with the Delegated Regulation, HHLA’s taxonomy-eligible economic activities are to be assigned to the environmental objective “climate change mitigation”:

Taxonomy-eligible economic activities

Environmental objective	Classification according to taxonomy regulation	Activities of the HHLA Group
Climate change mitigation	6.2 Freight rail transport	Rail-bound container transport with trains
Climate change mitigation	6.6 Freight transport services by road	Road-bound container transport with trucks
Climate change mitigation	6.14 Infrastructure for rail transport	Operation of inland terminals for the transhipment of goods between modes of transport
Climate change mitigation	6.16 Infrastructure enabling low-carbon water transport	Operation of seaport terminals for the transhipment of goods between modes of transport
Climate change mitigation	7.7 Acquisition and ownership of buildings	Ownership and rental of real estate

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 economic activities in container handling and the operation of HHLA seaport terminals were classed as taxonomy-eligible as these activities facilitate low-carbon maritime transport.

In the Real Estate segment, the ownership and acquisition of property was classed as taxonomy-eligible. Real estate owned and let by HHLA primarily covers the Speicherstadt historical warehouse district in Hamburg – a landmarked UNESCO World Heritage Site – 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.

HHLA is not involved in economic activities as defined in 4.26-4.31 of the complementary delegated act EU 2022/1214 (gas and nuclear legal act). The corresponding provisions from the aforementioned delegated act do not apply.

Review of taxonomy alignment of economic activities

Taxonomy alignment was reviewed in a three-stage process:

1. Review of a material contribution to the environmental objective “climate change mitigation”,
2. Review to ensure that the other environmental objectives are not harmed, and
3. Review of compliance with safeguards.

Material contribution to the environmental objective “climate change mitigation”

The definitions of the corresponding technical screening criteria for the environmental objective “climate change mitigation” can be found in the annexes to the Delegated Regulation (EU) of the Commission supplementing Regulation (EU) 2020/852. These served as the basis for the review.

Each of HHLA’s economic activities identified as taxonomy-eligible was reviewed to determine whether it complies with the technical screening criteria for a material contribution to climate change mitigation. The economic activity "6.2 Freight rail transport" makes a significant contribution, as the trains and freight wagons used by HHLA largely cause no direct CO_2 exhaust emissions. The economic activities "6.14 Infrastructure for rail transport" and "6.16 Infrastructure enabling low-carbon water transport" enable the transfer of goods between modes of transport and thus make a significant contribution to climate change mitigation. Reporting forms for EU taxonomy

No harm to environmental objectives

The definitions of the corresponding "Do no significant harm" (DNSH) criteria for the environmental objective “climate change mitigation” can also be found in the annexes and attachments to the Delegated Regulation (EU) of the Commission supplementing Regulation (EU) 2020/852, including its attachments.

The DNSH criteria were reviewed at the level of economic activities. HHLA's Intermodal segment, with its extensive terminal network in Central and Eastern Europe, led to comprehensive examinations of the technical screening criteria at site level, and the same applies to the seaport terminals. Compliance with the DNSH criteria is ensured through adherence to European and national laws, as well as voluntary environmental management certifications, for example. The robust climate risk and vulnerability assessment was conducted on the basis of the latest available climate data (using the RCP scenarios 2.6, 4.5 and 8.5) and on the smallest suitable scale. For the results, see Reporting forms for EU taxonomy. For the results of the robust climate risk and vulnerability assessment, see Management of risks and opportunities.

Compliance with minimum safeguards

The minimum safeguards are provided in Article 18 of the Taxonomy Regulation and relate to compliance with the OECD's Guidelines for Multinational Companies and the United Nation's Guiding Principles on Business and Human Rights, including the basic principles and rights under the eight fundamental conventions specified in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. The criteria also relate to the International Bill of Human Rights.

HHLA's taxonomy-eligible activities are limited to Europe. More than 95 % of HHLA's suppliers are based in the European Union, where human rights and workplace safety and the other areas listed in the minimum safeguards are enshrined in both local and European laws. Key aspects of the international standards in the aforementioned guidelines and norms are embedded within the Charter of Fundamental Rights of the European Union, in particular the prohibition of slavery and forced labour and the principle of non-discrimination. Furthermore, EU law often has stricter requirements in relation to health, safety and social sustainability. As a responsible company, HHLA is committed to observing and adhering to human rights and its activities are guided by international standards and agreements.

As a company that acts responsibly, HHLA's approach to business is founded on legality and integrity. HHLA not only complies with the applicable laws, but in particular also respects the principles and standards that go beyond the legal requirements. To this end, internal Group documents and measures lay down binding guidelines for activities and thus support respect for and compliance with the key criteria areas arising from Article 18 of the Taxonomy Regulation:

- Human rights, including workers' rights
- Bribery/corruption
- Taxation
- Fair competition

Compliance with minimum safeguards has been assessed at Group level in order to ensure compliance with these requirements at the level of economic activities. This is because the corresponding management systems are embedded at Group level and therefore apply to all business activities. Compliance

Following a review of all the aforementioned minimum safeguards, no discrepancies were identified. The implemented management and prevention systems ensure compliance with Article 18, so that compliance with the minimum safeguards within the meaning of the Taxonomy Regulation has been confirmed.

Taxonomy-aligned economic activities

The economic activities of HHLA that were identified as taxonomy-aligned focus on:

Taxonomy-aligned economic activities

Environmental objective	Classification according to taxonomy regulation	Activities of the HHLA Group
Climate change mitigation	6.2 Freight rail transport	Electrified rail-bound container transport with trains
Climate change mitigation	6.14 Infrastructure for rail transport	Operation of inland terminals for the transhipment of goods between modes of transport
Climate change mitigation	6.16 Infrastructure enabling low-carbon water transport	Operation of seaport terminals for the transhipment of goods between modes of transport

Container transport by rail that uses electrically powered locomotives and does not include the transportation of fossil fuels was identified as taxonomy-aligned. The activity “6.14 Infrastructure for rail transport” (inland terminals) as well as the handling of goods at seaport terminals as part of the activity “6.16 Infrastructure enabling low carbon water transport” were classified as taxonomy-aligned. These three activities correspond to the technical screening criteria.

Taxonomy-eligible but not taxonomy-aligned economic activities

Taxonomy-eligible but not taxonomy-aligned economic activities

Environmental objective	Classification according to taxonomy regulation	Activities of the HHLA Group
Climate change mitigation	6.2 Freight rail transport	Diesel-powered rail-bound container transport with trains
Climate change mitigation	6.6 Freight transport services by road	Road-bound container transport with trucks
Climate change mitigation	7.7 Acquisition and ownership of buildings	Ownership and rental of real estate

Low shares of the activity “6.2 Freight rail transport” were assessed as taxonomy-eligible but not taxonomy-aligned. This refers to freight transport such as shunting runs that are operated on non-electrified railway lines using diesel-powered locomotives.

The activity “6.6 Freight transport services by road” was assessed as taxonomy-eligible but not taxonomy-aligned.

The technical screening criteria of the Taxonomy Regulation do not allow HHLA to classify container transport conducted by trucks on roads as taxonomy-aligned. The main reason is the outstanding market ramp-up for low-emission or emission-free semi-trailer trucks.

The activity “7.7 Acquisition and ownership of buildings” was assessed as taxonomy-eligible but not taxonomy-aligned.

The technical screening criteria of the Taxonomy Regulation do not allow HHLA to classify its Real Estate segment – essentially comprising the landmarked buildings of Hamburg’s Speicherstadt historical warehouse district, a UNESCO World Heritage Site – as taxonomy-aligned. With regard to energy-related measures, landmark protection requirements must be taken into consideration at all times. HHLA is working on projects to increase energy efficiency using engineering innovations that comply with landmark protection requirements. For the results, see Reporting forms for EU taxonomy

Audit with limited assurance

Collection of key figures

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 so that duplicate counting across economic activities can be avoided. In terms of collecting and calculating the KPIs using data located in other HHLA IT systems, the quality of the data was ensured by means of control mechanisms (double-checking principle) and plausibility checks.

Based on the complete analysis of economic activities to determine taxonomy eligibility and alignment, the proportion of taxonomy-eligible and taxonomy-aligned revenue, capital expenditure and operating expenses of HHLA in the respective totals for the 2022 financial year is stated.

Revenue KPI

Definition

Revenue includes the income disclosed in accordance with Section 82a International Accounting Standard (IAS) 1, within the meaning of Regulation (EC) No. 1126/2008.

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 Group revenue generated by products and services in connection with taxonomy-eligible and taxonomy-aligned commercial activities.
- The **denominator** of the revenue KPI is based on the HHLA Group's reported revenue in the income statement

Revenue disclosed in the HHLA Group income statement was analysed across all Group companies to evaluate whether it was generated by taxonomy-eligible or taxonomy-aligned economic activities pursuant to Annex I (Material contribution to climate change mitigation) of Delegated Regulation (EU) 2020/852. Analysis of economic activities

Revenue KPI

Group revenue
taxonomy-eligible or taxonomy-aligned

÷

Total Group revenue

Following a detailed analysis of the items included in revenue, the respective revenue amounts are allocated to the taxonomy-eligible or taxonomy-aligned economic activities.

Revenue KPIs

The revenue KPIs calculated for the 2022 financial year are as follows:

Revenue key figures

in € million	2022	in %	2021	in %
Revenues	1,578.4	100.0	1,465.4	100.0
of which taxonomy-eligible	1,509.4	95.6	1,407.3	96.0
of which taxonomy-aligned	1,273.6	80.7	–	–
of which non-taxonomy-eligible	68.9	4.4	58.1	4.0

In 2021, use was made of a relief granted by the EU and only the shares of taxonomy-eligible and non-taxonomy-eligible economic activities were disclosed.

HHLA generates most of its revenue from its seaport terminals and intermodal container transport in Central and Eastern Europe. Overall, 95.6 % of revenue was generated from taxonomy-eligible economic activities. This percentage was approximately the same as in the previous year.

The main components of taxonomy-eligible revenue were economic activities "6.16 Infrastructure enabling low carbon water transport" at 55.8 % and "6.2 Freight rail transport" at 21.0 %. Other components are detailed in the reporting forms for EU taxonomy. Reporting forms for EU taxonomy

Alignment has been reported for the first time for the 2022 financial year. The percentage of taxonomy-aligned activities of HHLA was 80.7 % in the reporting year. The main contributing activities were "6.16 Infrastructure enabling low carbon water transport" at 55.8 % and "6.2 Freight rail transport" at 20.4 %. The majority of revenue was generated from customer contracts for container handling and transport.

Only 14.9 % of HHLA's revenue in the 2022 financial year was taxonomy-eligible but not taxonomy-aligned.

Capital expenditure (CapEx)

Definition

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]). Acquired goodwill is not taken into account. Investments in non-current assets that are classified as held for sale or for distribution are only accounted for until the first time the relevant classification is made.

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 or taxonomy-aligned.
- 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 (no. 22) and additions to property, plant and equipment which result from business combinations (no. 23) disclosed in the notes to the consolidated financial statements.

The CapEx KPI provides the share of capital expenditure associated with a taxonomy-eligible or taxonomy-aligned economic activity. Additions are made either in fully taxonomy-eligible or taxonomy-aligned individual companies or are directly attributable to taxonomy-eligible or taxonomy-aligned economic activities following an analysis with regard to taxonomy eligibility or taxonomy alignment and a comparison with Annex I (Material contribution to climate change mitigation) of Delegated Regulation (EU) 2020/852. Analysis of economic activities

CapEx KPI

Capital expenditure taxonomy-eligible or taxonomy-aligned

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Total capital expenditure
(according to the Taxonomy Regulation)

Reconciliation of investments to the CapEx ratio

in € million	2022
Reported investments (incl. rights of use)	203.1
Addition of property, plant and equipment through acquisition	17.3
CapEx key figure	220.5

The KPIs calculated for the proportion of taxonomy-eligible or taxonomy-aligned capital expenditure are as follows:

CapEx key figures

in € million	2022	in %	2021	in %
CapEx	220.5	100.0	322.8	100.0
of which taxonomy-eligible	203.4	92.2	298.2	92.4
of which taxonomy-aligned	179.8	81.6	–	–
of which non-taxonomy-eligible	17.1	7.8	24.6	7.6

In 2021, use was made of a relief granted by the EU and only the shares of taxonomy-eligible and non-taxonomy-eligible economic activities were disclosed.

In the 2022 financial year, 92.2 % of capital expenditure corresponded to the application area of the EU taxonomy and could thus be assigned as taxonomy-eligible. This was the same as in the previous year. Most of the taxonomy-eligible capital expenditure was also taxonomy-aligned. The largest taxonomy-aligned capital expenditures related to the economic activities "6.16 Infrastructure enabling low carbon water transport" at 36.7 % and "6.2 Infrastructure for rail transport" at 24.4 %. The absolute change compared with the previous year was due to the significant additions to property, plant and equipment as a result of an acquisition in 2021. Reporting forms for EU taxonomy

The EU Taxonomy Regulation also provides for the classification of capital expenditure as taxonomy-aligned if

- it is part of a plan to expand taxonomy-aligned economic activities or convert taxonomy-eligible into taxonomy-aligned economic activities (CapEx plan) or
- it relates to the acquisition of production from taxonomy-aligned economic activities and to individual measures aimed at conducting the target activities on a low-carbon basis or reducing greenhouse gas emissions.

Capital expenditure in both of the aforementioned categories is of minor importance (< 1 % of total capital expenditure) and is therefore not material.

Operating expenses (OpEx)

Definition

The basis for measuring operating expenses are direct, non-capitalised costs 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 property, plant and equipment by the company or by third parties that are necessary to guarantee the continued and effective operation of these facilities.

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 or taxonomy-aligned.
- The **denominator** comprises the total direct, non-capitalised costs for research and development, building renovations, short-term leases, maintenance and repairs, and all other direct expenditure for the ongoing maintenance of property, plant and equipment.

The OpEx KPI reveals the proportion of operating expenses as defined by the EU taxonomy that are associated with taxonomy-eligible or taxonomy-aligned economic 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 or taxonomy alignment on the basis of Annex I (Material contribution to climate change mitigation) of Delegated Regulation (EU) 2020/852. Analysis of economic activities

OpEx KPI

Operational expenditure
taxonomy-eligible or taxonomy-aligned

÷

Direct non-capitalised costs
(R&D, building renovations, leasing, maintenance and repairs)

In order to determine the denominator, the accounts reflecting direct, non-capitalised costs for research and development, building renovations, short-term leases and maintenance and repair costs were considered and reviewed.

OpEx KPIs

The KPIs calculated for operating expenditure are as follows:

OpEx key figures

in € million	2022	in %	2021	in %
OpEx	174.4	100.0	161.3	100.0
of which taxonomy-eligible	160.6	92.1	148.9	92.3
of which taxonomy-aligned	143.3	82.2	–	–
of which non-taxonomy-eligible	13.7	7.9	12.4	7.7

In 2021, use was made of a relief granted by the EU and only the shares of taxonomy-eligible and non-taxonomy-eligible economic activities were disclosed.

In the 2022 financial year, operating expenses according to the definition of the EU taxonomy amounted to € 174.4 million. This mainly comprises workshop services for the container terminals and includes short-term leasing expenses, non-capitalised research and development expenses as well as personnel expenses incurred in the context of maintenance services. In total, 92.1% of OpEx expenses were classified as taxonomy-eligible. This corresponds to the same level as in the previous year and is at a similarly high level as the CapEx indicator. Most taxonomy-eligible operating expenses were also taxonomy-aligned. The largest taxonomy-aligned operating expenditure was in the economic activity "6.16 Infrastructure enabling low-carbon water transport" with 70.9 %. Reporting forms for EU taxonomy

The EU Taxonomy Regulation also provides for the classification of operating expenditure as taxonomy-aligned if

- it is part of the CapEx plan to expand taxonomy-aligned economic activities or it enables the conversion of taxonomy-eligible into taxonomy-aligned economic activities within a pre-defined period, or
- it relates to the acquisition of production from taxonomy-aligned economic activities, to individual measures aimed at conducting the target activities on a low-carbon basis or reducing greenhouse gas emissions or to individual building renovations.

Operating expenditure in both of the aforementioned categories is of minor importance (< 1 % of total capital expenditure) and is therefore not material.

Audit with limited assurance

Result of the valuation

The very high percentages of the taxonomy-aligned revenue, CapEx and OpEx KPIs confirm that the business model is focused on sustainable activities according to EU Taxonomy Regulation.

Disclosure: Proportion of revenue from products or services associated with Taxonomy-aligned economic activities

Disclosure covering financial year 2022				Substantial contribution criteria						DNSH criteria ("Do No Significant Harm")										
Economic activities (1)	Codes (2)	**Absolute revenue (3)**	**Proportion of revenue (4)**	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	**Taxonomy-aligned proportion of revenue, year 2022 (18)**	Taxonomy-aligned proportion of revenue, year 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		thousand €	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	**percent**	percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
Freight rail transport	6.2	322,522	20.4	100.0	0.0	0.0	0.0	0.0	0.0	–	Y	–	Y	Y	–	Y	20.4		–	–*
Infrastructure for rail transport	6.14	69,872	4.4	100.0	0.0	0.0	0.0	0.0	0.0	–	Y	Y	Y	Y	Y	Y	4.4		E	–
Infrastructure enabling low carbon water transport	6.16	881,248	55.8	100.0	0.0	0.0	0.0	0.0	0.0	–	Y	Y	Y	Y	Y	Y	55.8		E	–
Revenue of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**1,273,641**	**80.7**	**100.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**–**							**80.7**		**60.3**	**–**
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Freight rail transport	6.2	9,067	0.6		–	–	–	–	–	–	–	–	–	–	–	–	0			
Freight transport services by road	6.6	167,663	10.6		–	–	–	–	–	–	–	–	–	–	–	–	0			
Infrastructure for rail transport	6.14	192	0.0		–	–	–	–	–	–	–	–	–	–	–	–	0			
Acquisition and ownership of buildings	7.7	58,880	3.7		–	–	–	–	–	–	–	–	–	–	–	–	0			
Revenue of Taxonomy-eligible but		**235,802**	**14.9**		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**0**			

* A very small number of runs are made with bi-mode locomotives, which can be considered as transitional activity.

Disclosure covering financial year 2022				Substantial contribution criteria						DNSH criteria (“Do No Significant Harm”)										
Economic activities (1)	Codes (2)	**Absolute revenue (3)**	**Proportion of revenue (4)**	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	**Taxonomy-aligned proportion of revenue, year 2022 (18)**	Taxonomy-aligned proportion of revenue, year 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		thousand €	**%**	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	**percent**	percent	E	T
not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)																				
Total (A.1 + A.2)		**1,509,443**	**95.6**														**80.7**		**60.3**	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES		**0**	**0**																	
Revenue of Taxonomy-non-eligible activities (B)		68,908	4.4																	
Total (A + B)		**1,578,351**	**100.0**														**80,7**			

* A very small number of runs are made with bi-mode locomotives, which can be considered as transitional activity.

Disclosure: Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities

Disclosure covering financial year 2022				Substantial contribution criteria						DNSH criteria ("Do No Significant Harm")										
Economic activities (1)	Codes (2)	**Absolute CapEx (3)**	**Proportion of CapEx (4)**	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	**Taxonomy-aligned proportion of CapEx, year 2022 (18)**	Taxonomy-aligned proportion of CapEx, year 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		thousand €	**%**	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	**percent**	percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
Freight rail transport	6.2	53,888	24.4	100.0	0.0	0.0	0.0	0.0	0.0	–	Y	–	Y	Y	–	Y	24.4		–	–*
Infrastructure for rail transport	6.14	45,043	20.4	100.0	0.0	0.0	0.0	0.0	0.0	–	Y	Y	Y	Y	Y	Y	20.4		E	–
Infrastructure enabling low carbon water transport	6.16	80,899	36.7	100.0	0.0	0.0	0.0	0.0	0.0	–	Y	Y	Y	Y	Y	Y	36.7		E	–
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**179,830**	**81.6**	**100.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**–**							**81.6**		**57.1**	**–**
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Freight rail transport	6.2	666	0.3																	
Freight transport services by road	6.6	140	0.1																	
Acquisition and ownership of buildings	7.7	22,731	10.3																	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned		**23,537**	**10.7**																	

* A very small number of runs are made with bi-mode locomotives, which can be considered as transitional activity.

Disclosure covering financial year 2022				Substantial contribution criteria						DNSH criteria (“Do No Significant Harm”)										
Economic activities (1)	Codes (2)	**Absolute CapEx (3)**	**Proportion of CapEx (4)**	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	**Taxonomy-aligned proportion of CapEx, year 2022 (18)**	Taxonomy-aligned proportion of CapEx, year 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		thousand €	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	**percent**	percent	E	T
activities) (A.2)																				
Total (A.1 + A.2)		**203,367**	**92.2**														**81.6**		**57.1**	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities (B)		17,090	7.8																	
Total (A + B)		**220,457**	**100.0**														**81.6**			

* A very small number of runs are made with bi-mode locomotives, which can be considered as transitional activity.

Disclosure: Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities

Disclosure covering financial year 2022				Substantial contribution criteria						DNSH criteria („Do No Significant Harm")										
Economic activities (1)	Codes (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of OpEx, year 2022 (18)	Taxonomy-aligned proportion of OpEx, year 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		thousand €	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	percent	percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1 Environmentally sustainable activities (Taxonomy-aligned)																				
Freight rail transport	6.2	15,244	8.7	100.0	0.0	0.0	0.0	0.0	0.0	–	Y	–	Y	Y	–	Y	8.7		–	–
Infrastructure for rail transport	6.14	4,453	2.6	100.0	0.0	0.0	0.0	0.0	0.0	–	Y	Y	Y	Y	Y	Y	2.6		E	–
Infrastructure enabling low carbon water transport	6.16	123,642	70.9	100.0	0.0	0.0	0.0	0.0	0.0	–	Y	Y	Y	Y	Y	Y	70.9		E	–
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**143,340**	**82.2**	**100.0**	**–**	**–**	**–**	**–**	**–**	**–**							**82.2**		**73.5**	**–**
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Freight rail transport	6.2	4,244	2.4																	
Freight transport services by road	6.6	1,232	0.7																	
Infrastructure for rail transport	6.14	2,138	1.2																	
Acquisition and ownership of buildings	7.7	9,670	5.5																	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**17,285**	**9.9**																	

Disclosure covering financial year 2022				Substantial contribution criteria						DNSH criteria (“Do No Significant Harm”)										
Economic activities (1)	Codes (2)	**Absolute OpEx (3)**	**Proportion of OpEx (4)**	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	**Taxonomy-aligned proportion of OpEx, year 2022 (18)**	Taxonomy-aligned proportion of OpEx, year 2021 (19)	Category (enabling activity) (20)	Category (transitional activity) (21)
		thousand €	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	**percent**	percent	E	T
Total (A.1 + A.2)		**160,624**	**92.1**														**82.2**		**73.5**	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of Taxonomy-non-eligible activities (B)		13,738	7.9																	
Total (A + B)		**174,362**	**100.0**														**82.2**			

Society

Working world and employment

Not audited

Strategic HR management

People and the organisation are at the heart of our human resources (HR) activities. Highly competent and hard-working managers and employees form the foundation of our success. Long-term qualitative and quantitative **personnel planning and development strategies** for the entire company have been established in Hamburg. The ongoing development of specialist, management and project careers, and the permeability between different career paths are the central aims of our HR strategy. The numerous options to create a work–life balance according to the employee’s current circumstances and the ongoing development of working-time systems form the cornerstone for long employee service at HHLA.
Employee recruitment and retention

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.

Fields of activity of the HR strategy

The HR strategy of the German HHLA companies comprises five action fields: “Employer of Choice”, “Develop Further”, “Work Together”, “Resource Management” and “Co-Determination”. The action fields are based on the human resources end-to-end processes:

Employer of choice	Further development	Acting together	Ressource management	Co-determination process
We find and retain employees who bring HHLA forward. We offer attractive working conditions.	We create and develop potential and perspectives in a targeted manner.	We initiate networking and create places for responsibility and agility.	We use innovative technologies and strive for sustainable efficiency.	Together with our operational partners and unions, we are shaping future-oriented framework conditions.

The strategic HR objectives include key issues such as **developing new recruitment strategies** and **enhancing HHLA as an employer brand. Participation-oriented co-determination processes** are also to be further refined in cooperation with co-determination partners, managers and employees, in order to shape the future-proof conditions for HHLA’s business success. Moreover, existing resources in the field of HR are to be optimally aligned in future with the aid of innovative technologies, methods and concepts, and the range of services offered is to be continuously expanded.

The **personnel development** measures, together with the action fields “Develop Further” and “Work Together”, help to enable HHLA employees perform their roles skillfully as they deal with current and future challenges. Success-critical fields of competence, structural networking and a connective corporate culture are the central focus. In 2022, particular emphasis was placed on strengthening the leadership role and leadership skills with regard to the pending transformations. Challenges posed by digitalisation, pressure to innovate and the transformation of working and general conditions were discussed in the network and measures were derived.

Securing employment

The **CTX project** is one of the main elements of the transformation process launched für the container terminals in Hamburg in 2021 as part of an efficiency programme. The project also provides for the implementation of socially acceptable personnel measures. These include early retirement, phased early retirement, extensive training opportunities and more flexible staff exchanges.

Audit with limited assurance

Education and personnel development

HHLA invested a total of € 5.1 million in educating and training staff at its locations in Hamburg in 2022 (previous year: € 5.0 million). As an integral part of HHLA’s HR strategy, the personnel development strategy plays a significant role in the action areas “Develop Further” and “Work Together”. This centres on four key action areas:

- Making employees fit for the future
- Identifying and further developing talent
- Promoting networking and cooperation
- Making a contribution to the organisation and corporate culture of the future

A key objective of HHLA’s personnel development is to ensure that employees have the skills they need in the short, medium and long term. To achieve this, it is necessary to create the right employee base through training, ensure suitable qualifications through education that is customised to target groups and specific needs, and establish a framework that promotes learning.

In 2022, HHLA’s personnel development further expanded its role as a strategic partner for all parts of the company and in particular intensified its activities in the area of manager development. At the same time, there was a greater focus on future-proof job profiles in the area of vocational training. With the launch of the collaborative project “PortSkill 4.0 – Training hub of German port operators – establishment of a digital testing and training centre (DTTC) for the companies and employees of the German port sector”, the foundations were laid for training programmes for future skill sets and job profiles in the technical commercial sector. In qualification management in particular, the implementation of a SAP-based learning management system for the HHLA Group was prepared in 2022. This will ensure that training programmes can be offered and evaluated on a Group-wide and target group-specific basis in the future. Together with the co-determination partners, the necessary framework conditions for its use and for ensuring high data protection standards are being developed. The integration of digital, multilingual and collaborative offers enables the creation of an HHLA-wide learning platform which makes it possible to manage offers flexibly and in line with what is needed, and which establishes a low-threshold range of qualifications – including with the involvement of international companies – as the “new normal”. The roll-out is planned for 2023.

Training and studying at HHLA

As of 31 December 2022, there were 54 apprentices in 11 different professions and 26 students in nine dual study programmes at facilities in Germany. 28.8 % of all 80 trainees and students were women. Among the students, the proportion of women was 46.2 % in 2022 (previous year: 39.3 %). In particular, the **offer of apprenticeships and degree programmes** in the technical and IT areas was increased and new apprenticeship programmes were established, such as the apprenticeship "Management Assistant for Digitalisation Management" and the dual study programme "Marketing and Digital Media".

Of the 20 apprentices who successfully completed their training during the year, 19 were taken on as employees. A total of 21 new apprenticeship contracts were signed at the Hamburg location in the 2022 training year, of which 42.9 % were female apprentices. In the commercial sector, the ratio of female apprentices for the start of training in 2022 was 66.7 %, in the industrial sector 16.7 % and in dual training 83.3 %.

In addition to the acquisition of professional qualifications, HHLA attaches great importance to the acquisition of social and interdisciplinary skills during training and enables its trainees and dual students to get involved in various projects.

Learning and further education at HHLA

The increasing intensity of change and continuing need for complexity management place demands on managers and employees alike. Specialist and leadership skills must be continuously expanded and adjusted as a result.

With regard to **training programmes,** more than 745 events lasting one or more days were held in the reporting period. These included more than 550 in-house vocational courses conducted by HHLA’s own trainers over 3,238 training days. In addition, 195 events lasting one or more days with over 1,600 participant days were organised as part of the company's cross-segment seminar programme. Of the participants, 27.4 % were women.

In 2022, HHLA massively expanded its range of **manager development programmes**, thereby reaching more than 50 % of its managers with training programmes. At the same time, the content of its offers focuses on skill set clusters that are crucial to the success of overcoming current and future challenges as well as on basic skills. In addition to tried and trusted training programmes such as language courses, IT training and sector-specific knowledge, the portfolio of offers primarily comprises the issues of “Change, projects & strategy development”, “Learning and problem-solving expertise”, “Communication and cooperation”, “Digital expertise” and “Leadership”.

In general, **HHLA's heterogeneous employee groups** require **training programmes that are tailored to the specific needs** of target groups. While training programmes for operational staff are designed and implemented via the HHLA Technical College for technical commercial further training including GHB (Gesamthafenbetriebs-Gesellschaft, personnel service provider for the Port of Hamburg) on a tried and trusted basis, strategic personnel development is dedicated primarily to development programmes for talented individuals and managers as well as the establishment of professional further training processes and structures. In addition, HHLA's personnel development assists with all major transformation programmes and is responsible for the resulting personnel development programmes. In doing so, the company ensures that internal skills acquisition is in line with the common strategic objective.

In order to meet the needs of HHLA's growing **internationalisation**, an international leadership programme for young managers at HHLA's international locations was developed in 2022. The participants were drawn from HHLA companies in Italy, Estonia, Georgia and Ukraine. Due to the very positive results, a similar programme will continue in 2023. To further promote international networking, HHLA has more than doubled its language courses at its German locations in the last three years.

Not audited

Recruiting and retaining employees

Strategic measures

Competition for specialist employees and managers has increased significantly in recent years. Highly skilled employees in particular have the freedom to choose and can stipulate their requirements and conditions to companies. HHLA, too, has to compete for suitable talents, while also striving to retain existing employees at the company.

At present, the particular **focus of recruitment** is on highly specialised employees and managers with several years of professional experience and profound knowledge of project management, also in the areas of digitalisation, logistics and IT. However, those starting out on their career path and people with some initial experience are also being sought and hired.

Another focal point is the **strengthening of HHLA's internal and external employer brand**. By strategically utilising and expanding the employer brand, new target groups can be reached and vacancies filled on a sustainably faster basis, with less time being spent on recruitment. This also makes it possible to strengthen the loyalty of existing employees to the company, thereby maintaining staff turnover at a consistently low level.

New hires and turnover

In the 2022 financial year, a total of 185 new employees were hired. The following table provides an overview of the age distribution and the percentage of women among the new hires at the HHLA companies in Germany.

Recruitments 2022

	Total	thereof females	thereof females
< 30 years	73	29	39.7 %
30 – 50 years	93	24	25.8 %
> 50 years	19	7	36.8 %
HHLA Germany	**185**	**60**	**32.4 %**

Since 2013, HHLA has been employing a self-developed **structured selection process (assessment centre)** in Germany that not only considers the applicant's personal and professional suitability but also diversity aspects. The employees in the selection committees are specially trained for this. In addition, the selection panel must include at least one woman for all selection processes in which the pool of applicants includes women.

A total of 449 employees were hired by HHLA's foreign subsidiaries during the reporting period. Of these new hires, 84.2 % were in the Intermodal segment. The proportion of women among the new employees was just under 26.3 %, while the proportion of under-30s was 41.6 %.

At 5.4 %, the **staff turnover rate** (excluding internal transfers within the Group) in Germany increased slightly year-on-year (previous year: 4.4 %). Of the 199 people who left the company, 38.7 % were retirees (previous year: 41.9 %). The staff turnover rate at our foreign subsidiaries was 10.0 % in the reporting year (previous year: 11.7 %). By comparison, the proportion of people leaving the company as retirees was low at 0.5 % (previous year: 0.3 %).

Contracts, remuneration and additional benefits

Collective bargaining agreements

Collective bargaining agreements governed pay and working conditions for 82.9 % of employees in **Germany** in 2022 (previous year: 84.5 %). The proportion of employment contracts of indefinite duration (excluding apprenticeship contracts) was 96.3 % (previous year: 96.5 %).

Collective bargaining agreements governed pay and working conditions for 26.0 % (previous year: 28.4 %) of employees in the **foreign subsidiaries**; 89.6 % of all employment contracts were of indefinite duration (previous year: 91.7 %).

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 year. In addition to the existing variable remuneration components, such as ROCE (return on capital employed) and operating result (EBIT), department- and company-specific key figures were adopted as new target categories.

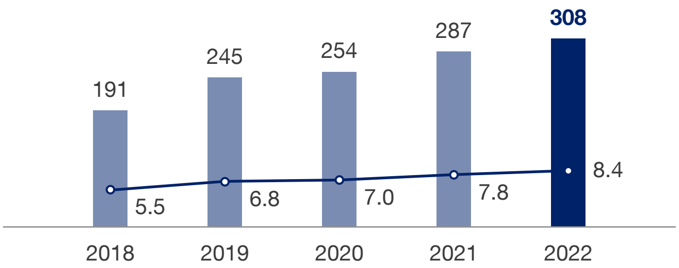
The realignment of the variable remuneration system aims to promote cross-functional cooperation alongside increased networking and interdepartmental process orientation in order to provide long-term support for the cultural shift at HHLA.

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.

Part-time employees in Germany

as of 31.12, part-time ratio in %



In 2022, a total of 308 employees took up the option of working part-time (previous year: 287). At the end of 2022, the **ratio of part-time workers** at HHLA in Germany increased to 8.4 % (previous year: 7.8 %) The percentage of men in part-time employment rose to 39.3 % (previous year: 38.0 %). At the holding company, where most roles are administrative, the percentage of part-time workers (excluding apprentices) was 17.4 % (previous year: 18.0 %). At HHLA's foreign subsidiaries, the ratio of part-time work was 1.0 % during the reporting year (previous year: 0.7 %).

Company pension scheme

Since the complete reorganisation and further development of **company pension schemes** in 2018, employees in Germany now have 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 addressing rising employee needs with regard to transparency. In 2022, 69.3 % (previous year: 64.9 %) of entitled employees were already taking advantage of this pension system.

Not audited

Diversity and inclusion

The working group “Diversity & Inclusion” (D&I) laid the foundations for an initial strategic positioning of this topic in the company in 2022. For the strategic integration of the topic, a **Diversity and Inclusion team**, which reports directly to the Executive Board, was established as of 1 January 2023.

The working group’s initial measures included drawing up a list of topics relating to D&I-relevant activities within the Group. By **signing the Diversity Charter** in 2022, the Executive Board of HHLA strengthened the company’s commitment to diversity and inclusion in the work environment and undertook to actively practise diversity and inclusion management within the company. At present, primarily data on gender distribution, the percentage of people with disabilities and the number of nationalities represented at HHLA in Germany is collected.

The ratio of women employed by HHLA in Germany (incl. apprentices) amounted to 16.2 % (previous year: 15.7 %). During the reporting period, the **proportion of women** working at the foreign subsidiaries was 22.1 % on average (previous year: 21.5 %).

The **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 as well as by the targets agreed by the Supervisory Board and, where applicable, the Executive Board. Disclosures in accordance with Section 289f (2) (4) and (5) HGB

The percentage of employees **with a severe disability** (including persons of an equivalent status) in Germany was 8.6 % at the end of the reporting period (previous year: 8.2 %).

At the end of December 2022, 44 different **nationalities** were employed at HHLA in Germany.

Headcount and personnel structure

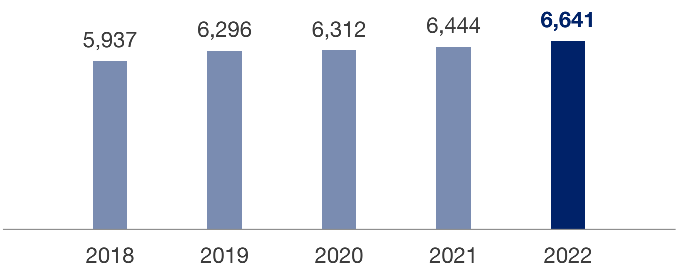
The recruitment process used by the individual companies of HHLA in Germany is monitored by the HHLA manpower planning team. Proposals to create additional jobs are examined for their consideration of planning and necessity as well as other options for filling positions internally or taking alternative action. This ensures that recruitment does not exceed the strategic HR needs planning for individual companies approved by the Executive Board and that synergy effects can be utilised within the Group.

Number of employees

HHLA had a total of 6,641 employees at the end of 2022. Compared with the previous year's total, the number of employees increased by 197 , or 3.1 %. In addition, HHLA used the services of an annual average of 705 employees at Gesamthafenbetriebs-Gesellschaft (previous year: 624).

Employees at the HHLA Group

as of 31.12



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. Remuneration report und remuneration system

Employees by segment

In the **Container segment**, the number of employees fell to 3,072 as of 31 December 2022. Total headcount was down by 77 year-on-year in the reporting period (previous year: 3,149). This was equivalent to a reduction of 2.4 %. Due to the expansion of services and the increase in vertical integration, headcount in the **Intermodal segment** rose by a further 245 employees in total to 2,555 (previous year: 2,310). Employee numbers in the **Logistics segment** also increased to 271 in the reporting period (previous year: 253). This represented an increase of 7.1 %. The number of employees at the strategic **management holding company** increased by 1.1 % to 652 (previous year: 645). In the **Real Estate** segment, headcount amounted to 91 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

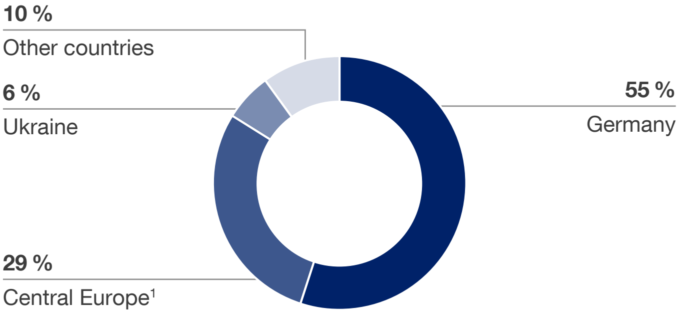
	31.12.2022	31.12.2021	Change
Container	3,072	3,149	- 2.4 %
Intermodal	2,555	2,310	10.6 %
Holding/Others	652	645	1.1 %
Logistics	271	253	7.1 %
Real Estate	91	87	4.6 %
HHLA Group	**6,641**	**6,444**	**3.1 %**

Employees by region

In geographical terms, the workforce was concentrated mainly in Germany, with 3,682 employees (previous year: 3,674), the majority of whom worked in Hamburg. This corresponds to a share of 55.4 % (previous year: 57.0 %). The number of staff employed abroad rose by 6.8 % to 2,959 (previous year: 2,770). In Central Europe, headcount increased year-on-year by 7.0 % to 1,899 (previous year: 1,774). The workforce in Estonia decreased marginally to 208 (previous year: 212) and in Ukraine to 412 (previous year: 473).

Employees by region

Number of employees as of 31.12.2022: 6,641



1 Czech Republic, Slovakia, Hungary, Slovenia

Age structure

The average age of staff in Germany in the reporting period was 45.5 (previous year: 45.2). Male employees had an average age of 46.1, while female employees were 42.6 years old on average. Over half of all employees were aged between 30 and 50. As in the previous year, the average employee age at the foreign companies was 42.0.

Age structure of employees

in %	31.12.2022	thereof females	31.12.2021	thereof females
< 30 years	10.0	29.1	10.0	27.4
30 – 50 years	51.2	15.9	51.8	15.5
> 50 years	38.8	13.1	38.2	12.9
HHLA Germany	**100.0**	**16.2**	**100.0**	**15.7**

Length of service

The average length of service with the company in Germany was approximately 15.8 years. The figure outside Germany was 7.9 years.

Average employment period of employees

in years	31.12.2022	31.12.2021
< 30 years	4.5	4.5
30 – 50 years	12.5	12.1
> 50 years	23.0	23.0
HHLA Germany	**15.8**	**15.5**

Not audited

Dialogue with employee representatives

Worker co-determination at the HHLA Group

HHLA actively encourages worker co-determination. In addition to Hamburger Hafen und Logistik AG, 13 other HHLA subsidiaries in **Germany** are managed on the basis of co-determination. These are represented by a total of eight works council committees and the Group works council. In addition, there is employee representation (including that of the senior staff) on the Supervisory Board and representation for disabled people at the company and Group level. Furthermore, HHLA and its subsidiaries, as companies bound by collective bargaining agreements, engage in regular dialogue and in collective bargaining with the trade union ver.di.

As a member company of the ZDS (Zentralverband der deutschen Seehafenbetriebe), the right to freedom of association and collective bargaining is a matter of course for HHLA. Collective bargaining has a long tradition at HHLA and is reflected in various sector and company wage agreements. As of 31 December 2022, 82.9 % (previous year: 84.5 %) of employees in Germany were covered by collective bargaining agreements. In the reporting period, there was intensive collective bargaining for the German seaports. After several rounds of negotiations, an agreement with a duration of 24 months was reached in September 2022.

At an **international level**, there are collective bargaining partnerships with various local trade unions at the Odessa and Trieste sites. At the company's location in Estonia, a representative was elected by the employees to negotiate all staff-related interests with the company.

Co-determination rights play a central role, particularly with regard to current **transformation processes** – as a result of changes in market requirements and necessary digitalisation processes. Together with the employee representatives and the trade union ver.di, HHLA aims to shape the future of the Group and create a working world for the employment of tomorrow. Strategic HR management

With the suspension of the collective bargaining agreement on the works constitution from 1970, HHLA has been aiming to create a contemporary social partnership since 2022 in which the structure of co-determination at work is actively promoted with regard to the ability to adapt to changing framework conditions, openness to new technologies, fair and transparent balance of interests and working models to suit different life phases.

The Group works council is generally involved in overarching topics such as the HHLA transformation projects.

Various options are available to employees as a foundation for a participation-based partnership. HHLA offers numerous information formats such as the social intranet, info screens in the canteens, FAQs or regular information events on the visions of the individual companies.

The aim is to enable employees to understand the reasons for upcoming changes and to actively engage in shaping the transformation. To enable employees to share ideas more effectively among themselves and with the company's management team, a series of workshops, the HHLA future labs, was developed. Employees take part in this dialogue format in small groups and jointly discuss the various issues and topics. The Echo workshops as well as the many project teams and working groups are set up on a participation basis and enable managers and employees to develop specific topics together.

Audit with limited assurance

Health and occupational 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, hazardous goods and ergonomics when working from home**.

In 2022, 89 reportable **accidents** (excluding accidents when commuting) occurred at the companies in Hamburg in which HHLA holds a stake of more than 50 % (previous year: 91). For the first time in the financial year 2022, HHLA calculated the **Lost Time Injury Rate** (number of occupational accidents with more than three lost days per million working hours). It amounted to 11.8 for Germany in 2022. The reasons for changes or fluctuations are carefully analysed in order to quickly initiate structured preventive measures.

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 a significantly increased use of these services by employees.

The **coronavirus pandemic** continued to pose particular challenges for HHLA's occupational health strategy in 2022. The coronavirus crisis team, which was established in 2020 under the leadership of the Executive Board, and a coronavirus task force based at the management holding company implemented the measures under the containment regulations, the German Protection Against Infection Act (IfSG) and the applicable BMAS regulations within HHLA. As a result of the swift and consistent implementation of coronavirus measures, beyond the legal requirements, the incidence of infections was avoided and HHLA's facilities remained operational. This underlines the efficacy of the package of measures.

Not audited

Corporate citizenship

Regional responsibility

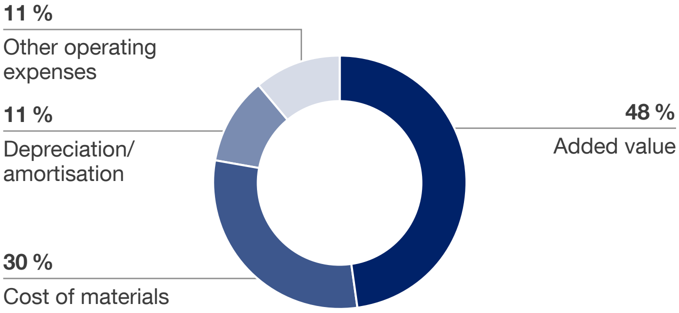
As by far the largest port in Germany, the Port of Hamburg is one of the most important economic factors in the whole of northern Germany and, as a hub for international goods traffic, plays an extremely important role for the entire economic system of Germany and Europe. According to a study commissioned by the Hamburg Port Authority (HPA) and published in 2021, the Port of Hamburg secures around 607,000 jobs across Germany. Of these, around 124,000 are in the Hamburg metropolitan region. According to the study, around 114,000 jobs are directly dependent on the port. The port and the interconnected economic sectors are thus central employers for the Hamburg metropolitan region. As a major company operating in the Port of Hamburg, HHLA regards itself as an integral part of economic development in the Hamburg metropolitan region and is well aware of its social responsibility here and at all its other sites.

Added value

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 (in the form of taxes) and lenders. The largest proportion, € 574.6 million or 74.2 %, went to employees.

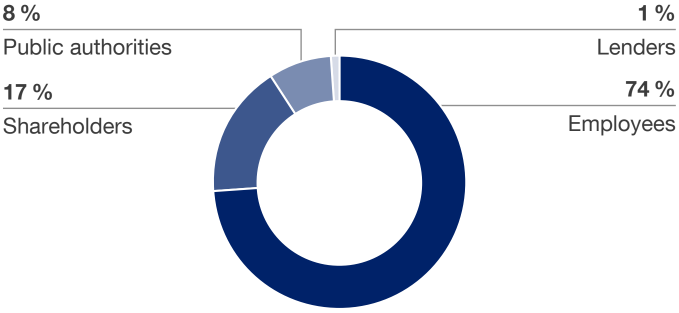
Source of added value

Production value 2022: € 1,618 million



Application of added value

Net added value 2022: € 775 million



Despite the ongoing impact of the pandemic and supply chain disruption, net added value increased by 2.9 % year-on-year to € 774.7 million in the 2022 financial year (previous year: € 752.8 million). At 47.9 %, the added value ratio was slightly down year-on-year (previous year: 50.4 %).

Value added in the HHLA Group

in € million	**2022**	2021	Change
Employees	574.6	555.6	3.4 %
Shareholders	133.1	132.9	0.2 %
Public authorities	61.1	58.7	4.1 %
Lenders	5.9	5.6	5.5 %
Net value added	**774.7**	**752.8**	**2.9 %**

Social dialogue and responsibility

HHLA engages in regular dialogue with its stakeholders. The company also promotes a number of educational projects focusing on the topics of port and logistics, thereby engaging in the transfer of knowledge.

Aid for Odessa

The Russian war of aggression against Ukraine and its consequences for HHLA's employees at the container terminal in the Ukrainian city of Odessa shaped the social involvement of HHLA and its employees to a large extent in the reporting year. Since the closure of Container Terminal Odessa (CTO), HHLA has pursued various measures to support its Ukrainian employees and their families as effectively as possible. 140 employees of CTO and their family members were brought from Romania to Hamburg in specially chartered buses and given temporary accommodation by HHLA employees at locations in Hamburg. The HR department coordinated assistance for the Ukrainian families during the subsequent search for apartments and furniture. In addition, the HR department organises ongoing German language lessons for the children of the families which are taught by apprentices and dual study students at HHLA.

Furthermore, HHLA employees donated around € 70,000. HHLA's Executive Board topped up this sum to € 150.000 using the aid fund into which the company had deposited € 1 million at the end of March 2022. Using these donations, urgently needed aid supplies such as surgical gloves and dressing material were sent to Odessa. In another aid campaign, HHLA joined forces with the German Food Bridge and Unilever to deliver food to Ukraine.

"Hafen-Scouts" educational programme

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" in Hamburg. This educational 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. Following lower participant numbers in the previous two reporting years due to the coronavirus, there were 1,467 participants in 2022 (previous year: 685), a record high since the project began.

AlsterPort – Partnership with Evangelische Stiftung Alsterdorf (ESA)

HHLA's "AlsterPort" partnership with Evangelische Stiftung Alsterdorf (ESA), launched in September 2021, led to a further range of initiatives in the reporting year. This included terminal tours at HHLA, graffiti workshops, the ESA "Stark für Hamburg" charity run, the Christmas wish tree initiative for KinderWohnen, a Christmas arts and crafts event and many other events at ESA.

Corporate Governance

Business ethics and integrity

Not audited

Democratic principles and international standards

As a responsible company, HHLA conducts its actions on the basis of lawfulness and integrity as a basic principle. Accordingly, as a listed European company, HHLA respects and adheres to the **laws and regulations** of all the countries in which it operates as a matter of course when conducting its business activities. These include laws and regulations with regard to environmental issues, anti-corruption, prevention of money laundering, data protection, information security, sanctions and embargoes, and tax matters as well as the Market Abuse Regulation, the German Securities Acquisition and Takeover Act (WpÜG) and the German Securities Trading Act (WpHG). Likewise, issues of significance to HHLA employees, such as freedom of association or the structuring of co-determination at work (including notification periods), are regulated by legislation in the German Works Constitution Act (BetrVG) and are actively promoted and adhered to by HHLA. Legal framework

In addition to compliance with legal requirements, international principles form a significant foundation for HHLA's activities and corporate culture. HHLA's activities are thus guided by the United Nations' Universal Declaration of Human Rights (UN) and the United Nations' Guiding Principles on Business and Human Rights (UNGP). Additional international standards and agreements such as the United Nations' Global Compact (UNGC) and the International Labour Organization's core labour standards (ILO) are also fundamental to the company's activities and corporate culture. By signing the Declaration of Principles for Diversity and against all Forms of Racism in June 2020 and the Diversity Charter in May 2022, the Executive Board also strengthened its commitment to diversity and a non-judgmental working environment.

Against this background, HHLA places great value on establishing compliance programmes within the Group. It has therefore established its own compliance management system with a Code of Conduct as its centrepiece. The **HHLA Code of Conduct** and other internal Group documents set out mandatory guidelines for activities, thereby helping to ensure that internationally recognised standards are observed and adhered to. HHLA expects its employees to adhere to all applicable laws and internationally recognised principles. To maintain employee awareness, regular training is held on the Code of Conduct and the prevention of corruption, as well as other relevant issues such as occupational safety.
Corporate governance declaration

Audit with limited assurance

Respect for human rights

Ensuring our employees act in a lawful fashion guided by integrity also means protecting human rights. Almost all of HHLA’s locations are 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 HHLA's sustainability strategy. Strategy and management

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** that HHLA uses in the area of third-party compliance also contributes towards the early detection of potential human rights risks. 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 2022, the focus of enhancements was on designing and developing a strategy for diversity management, establishing a new office for diversity and inclusion and launching a project for implementing the provisions of the German Supply Chain Due Diligence Act (LkSG). On Diversity Day, HHLA signed the Diversity Charter, thereby reiterating its inherent commitment to equal opportunities within the company, among other things. Communication in the reporting period focused on the issues of diversity, inclusion and occupational safety.

Audit with limited assurance

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 Human Resources Officer or Labour Director – 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 report suspected violations to the **compliance hotline (whistle-blower hotline)**. 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 in-house media are used to constantly provide employees with information on important aspects of the Code of Conduct and associated issues, such as the prevention of corruption 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 described in **HHLA's 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. Procurement and supplier 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.

HHLA's IT-based **business partner screening system** plays a part in preventing corruption by facilitating the risk-based assessment of HHLA's business partners, e.g. with regard to compliant behaviour in their international business dealings. Procurement and supplier management

The CMS – and in particular the area of anti-corruption – was audited and its effectiveness confirmed most recently in 2020/2021 by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Düsseldorf, in accordance with IDW PS 980 and taking into account the requirements of ISO 19600.

Not audited

Supply chain

As a port and transport logistics company as well as a service provider, HHLA acts 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. Procurement and supplier management

HHLA strives for a relationship characterised by integrity, fairness, responsibility and sustainability with its suppliers and expects them to be guided by certain principles in their business activities. To enable this, HHLA has developed a Supplier Code of Conduct that sets out these principles and formulates what is clearly expected of suppliers – namely, that they adhere to legal requirements and that they conduct their activities in compliance with internationally recognised principles. Business partners and sales

HHLA's IT-based **business partner screening system** plays a part in checking that business partners conduct themselves with integrity. It facilitates the risk-based assessment of HHLA's business partners, e.g. with regard to compliance and human rights components, such as standards relating to occupational safety, prevention of corruption and environmental protection/sustainability.

This alignment with sustainability and compliance along the supply chain is an ongoing process and HHLA continuously enhances its guidelines and procedures accordingly. At the same time, HHLA ensures that the legal requirements are fulfilled and corresponding measures are implemented. To this end, HHLA carried out a project in the reporting period to implement the requirements under the German Supply Chain Due Diligence Act (LkSG).

Not audited

Tax

Approach to taxation

Integrity and legally compliant conduct are firmly embedded 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 2022, the Group's **effective tax rate** stood at 31.5 % (previous year: 30.6 %). Income tax expenses for the HHLA Group amounted to € 61.1 million in 2022 (previous year: € 58.7 million), of which around 72 % (previous year: 66 %) was attributable to Germany and around 28 % (previous year: 34 %) 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

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 creating 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. This was completed in part in 2022. The system is expected to be fully integrated in 2023. 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.

Not audited

Memberships and lobbying

HHLA's interests are represented through memberships of associations such as Zentralverband der deutschen Seehafenbetriebe (ZDS), Hafen Hamburg Marketing (HHM), Unternehmensverband Hafen Hamburg (UVHH), Logistik-Initiative Hamburg (LIHH) and Industrieverband Hamburg (IVH).

Not audited

Data protection

HHLA takes the protection of personal data very seriously and is committed to respecting every individual's right to informational self-determination. Within this context, HHLA complies with applicable data protection laws when processing the personal data of employees, customers, suppliers and other business partners.

Responsible behaviour is a prerequisite for data protection; for this reason, HHLA has implemented a data protection management system that aims to ensure compliance with legal regulations and its internal guidelines. The data protection unit is responsible for implementing and enhancing HHLA's data protection management system. Core elements include advising employees on all data protection-related queries and raising awareness about data protection issues. The data protection system will continue to be optimised on an ongoing basis and adapted to any changes that arise.

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 and Section 315d of the German Commercial Code (HGB) 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 proposals of the Code in the 2022 financial year and submitted their annual declaration of compliance in accordance with Section 161 German Stock Corporation Act (AktG) on 12 December 2022. This confirms that the corporate governance and culture of HHLA and the Group comply with the recommendations and most of the proposals 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/corporate-governance 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 13 December 2021 (issue of the previous declaration of compliance), HHLA complied with the recommendations of the German Corporate Governance Code ("the Code" or "GCGC") in the version dated 16 December 2019 and – subsequent to its taking effect – the version dated 28 April 2022 with the following exceptions. Furthermore, HHLA will comply with the Code in the future with the following exceptions:

1. 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 Personnel and Nomination Committees 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.

2. 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, with the variable remuneration resulting from the achievement of long-term targets exceeding the share of short-term targets (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 arguments at a later stage. The Annual General Meeting of 10 June 2021 approved the remuneration system for the Executive Board with a large majority (95.8 % of votes cast).
3. The recommended disclosure of the composition of the peer group used to assess the customary nature of actual total remuneration of Executive Board members, which was made under recommendation G.3, was made in the remuneration report for the 2021 financial year. This recommendation has thus been met since then.

Hamburg, 12 December 2022

Hamburger Hafen und Logistik Aktiengesellschaft
The Executive Board
The Supervisory Board"

Remuneration report and remuneration system

The remuneration report for the 2022 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 are made publicly available at www.hhla.de/corporategovernance.

Information about corporate governance practices

Structure and management of the Group

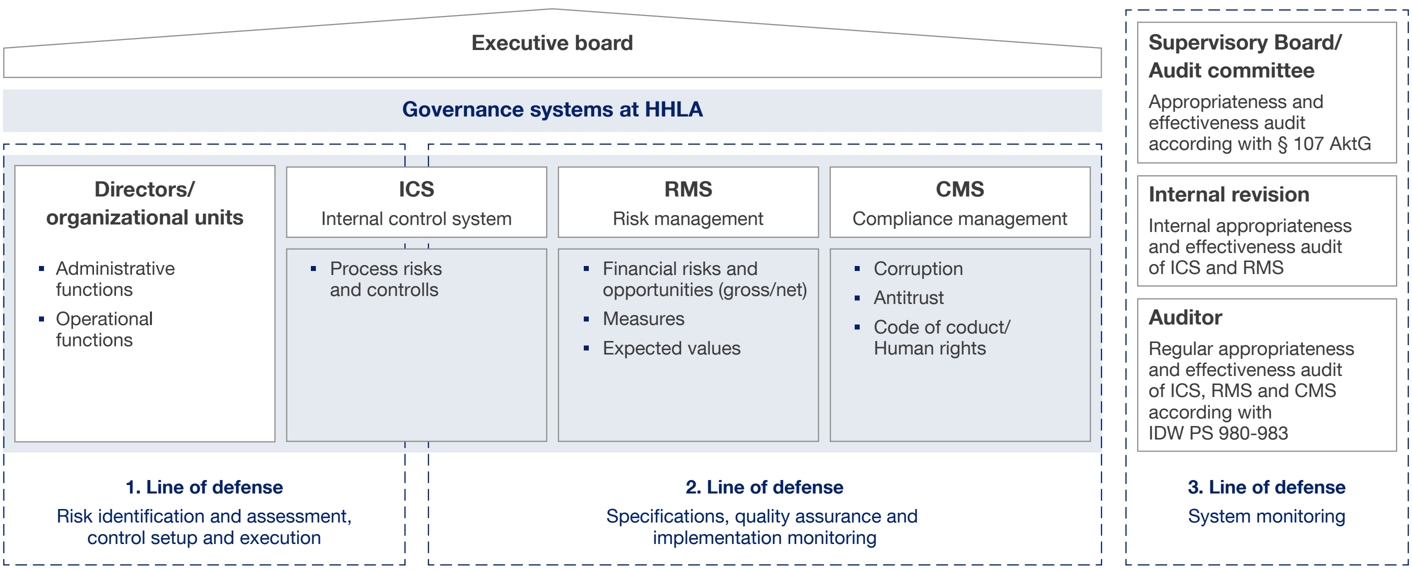
HHLA AG acts as the strategic management holding company for the Group. Its operating business is primarily conducted by domestic and foreign subsidiaries and associated firms. Compliance with the management’s corporate governance requirements is ensured by internal company guidelines as well as provisions 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. Group structure

Governance systems

HHLA has internal control, risk and compliance management systems which are appropriate for the size of the company, the scope of its activities and its risk situation, and are focused on the continuous and systematic management of commercial risks and opportunities.

Governance systems of HHLA

Conceptual structure and overview



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 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 conduct in the competitive environment, the prevention of corruption, discrimination and conflicts of interest, as well as the handling of sensitive corporate information and information subject to data privacy. The Code of Conduct is supplemented by further Group guidelines on such matters as the prevention of

corruption and conduct in the competitive environment, a Group-wide business partner screening system and a Supplier Code of Conduct to reduce compliance risks.
www.hhla.de/compliance

Risk management system and internal control system

The risk management system (RMS) and the internal control system (ICS) are part of the entire planning, controlling and reporting process. The aim is to ensure that the company's management team can identify business-related risks at an early stage and implement measures to counteract them in a timely manner.

The Internal Audit department conducts specific audits to ensure compliance with the legal requirements and company standards, and initiates appropriate measures where necessary. The elements of the ICS that are relevant for auditing the consolidated financial statements are also audited by external auditors as part of their audit of the financial statements. The external auditors also assess the early risk identification and monitoring system as part of their audit of the consolidated financial statements.

The HHLA Group's risk management system and internal control system are described in detail in the risk and opportunity report. Risk and opportunity management

Declaration of the appropriateness and effectiveness of the governance systems[1]

The Executive Board and Supervisory Board of HHLA regard the established internal control, risk and compliance management systems as appropriate and effective.

As part of the activities of the Internal Audit department, which examines all material business transactions on a regular basis, no indications have been identified that give rise to the assumption that

- these corporate governance systems (individually or collectively) do not comply with German legal requirements in all material aspects, or
- the Management Report does not provide an accurate view of the company's position, or
- does not accurately present the risks regarding its future development.

The appropriateness and effectiveness is also confirmed by external audits of the individual system elements in accordance with the corresponding IDW standards. The CMS was audited in the 2021 reporting period and found to be appropriate and effective. In the 2022 reporting period, the RMS was audited in accordance with IDW PS 981. At the time of reporting, the audit had not yet been completed, but no material findings arose from the audit work. The regular ICS effectiveness audit in accordance with IDW PS 982 is planned for the 2023 reporting period.

1 This section describes information unrelated to the management report and was not audited as part of the audit of the annual and consolidated financial statements.

Sustainability

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

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 company's economic position, 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

Working methods 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, corporate strategy, and Group policy and organisation. These tasks include, in particular, steering the Group and managing its planning and financing, implementing the HR strategy, appointing and developing managers while paying due consideration to diversity, and representing the company in respect of 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). Both the corporate strategy and Group planning include environmental and social objectives in addition to economic and financial objectives.

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 information on all matters that are relevant. 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 amount – 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 year.

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 composition of the Executive Board. In the interests of outlining diversity aspects more precisely, the Supervisory Board has approved the following diversity concept for the Executive Board.

HHLA's current Executive Board

Angela Titzrath	Tanja Dreilich	Jens Hansen	Torben Seebold
Chairwoman of the Executive Board	Member of the Executive Board[1]	Member of the Executive Board	Member of the Executive Board
Corporate development Corporate communications Sustainability Container sales Intermodal segment Logistics segment	Finance and controlling[2] Investor relations Internal audit Real Estate segment	Operations[3] Technology[3] Information systems	Director of Labor Relations Human resources Purchasing and materials management Health and safety in the workplace Legal and insurance[4]

1 since 1 January 2023; since 1 February 2023 with departmental responsibilities
2 including organisation
3 excluding Real Estate, for the Intermodal and Logistics segments in consultation with the Chairwoman of the Executive Board
4 including Compliance

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 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.

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

As HHLA's Executive Board comprises more than three people, its members must include at least one woman and one man in accordance with Section 76 (3a) AktG. Apart from this requirement, the Supervisory Board is guided by the principle of equal participation of women and men when appointing Executive Board members and actively pursues this objective, e.g. by specifically looking for female candidates to join the Executive Board.

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 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
- sustainability/ESG (environmental, social, governance)
- 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 of the implementation

The Executive Board's current composition fulfils the targets set out above. The Executive Board currently comprises four people with different career paths, a wide range of experience and varying expertise, including members with considerable international experience. The proportion of women was 25 % as of 31 December 2022 and is currently 50 % following the appointment of Tanja Dreilich as of 1 January 2023 and the departure of Dr. Roland Lappin on expiry of 31 January 2023. 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 the circumstances of the individual case. Where necessary, the Supervisory Board will also draw on the support of HR consultants.

The Supervisory Board of HHLA

Working methods 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 GCGC 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 2022 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), Stefan Koop (Deputy Chair), Alexander Grant, Dr. Norbert Kloppenburg, Susana Pereira Ventura, 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), Alexander Grant (Deputy Chair), Stefan Koop, Dr. Isabella Niklas, Susana Pereira Ventura, 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), Franziska Reisener (Deputy Chair), Alexander Grant, Holger Heinzel, 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 (Deputy Chair), Stefan Koop, Franziska Reisener, Andreas Rieckhof, Dr. Sibylle Roggencamp

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 (Deputy Chair), Dr. Sibylle Roggencamp

Responsibilities: In line with the statutory requirements, the rules of procedure, the recommendations of the Code, the skills and requirements profile 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 (Chair), Berthold Bose (Deputy Chair), Stefan Koop, 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 and diversity

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

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 2022 as outlined below. In addition to key legal requirements and the recommendations of the GCGC concerning the composition of the Supervisory Board, the requirement profile includes the Supervisory Board's own objectives for its composition, the skills profile for the Board as a whole in line with the GCGC, and the diversity concept for the Supervisory Board, including the disclosures pursuant to Section 289f (2) no. 6 HGB.

Requirement profile

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 internationally operating, 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 year, 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 supervisory board chairman 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, with the role of supervisory board chairman counting 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 generally 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 in the area of finance
- the auditing of financial statements
- accounting, including the application of accounting principles and internal control processes, and
- sustainability/ESG (environmental, social, governance)

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 of the controlling shareholder (see 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 of the implementation

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. Only Prof. Dr. Rüdiger Grube exceeded the age limit at the last 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. Rüdiger Grube, the Chairman of the Audit Committee, Dr. Norbert Kloppenburg, and Prof. Dr. Burkhard Schwenker are also independent of the controlling shareholder.

Significant sustainability matters within the HHLA Group include avoiding or reducing CO_2 emissions, providing good and safe working conditions and ensuring compliance. Various Supervisory Board members possess corresponding skills, which were further enhanced by means of sustainability training in the reporting period.

The skills of individual Supervisory Board members are presented in the following qualifications matrix.

Qualification matrix - skills and experience of the members of the Supervisory Board

	General requirements & diversity					Sector knowledge			Professional competences									
	Length of service	Age	Management experience	International experience	Independence[1]	(Port)Logistics	Intermodal	Real estate	Strategy	Operations and technology	Marketing & sales	Investors & capital market	IT & digitalisation	Legal, Corporate Governance & Compliance	Finance, Controlling & Risk management	Audit[2]	Controlling[2]	Sustainablity / ESG
Prof. Dr. Rüdiger Grube	6	71	✓	✓	✓	✓	✓	–	✓	✓	✓	✓	✓	✓	✓	–	–	✓
Berthold Bose	6	59	✓	✓	n.a.	✓	–	–	✓	✓	–	–	✓	–	–	–	–	✓
Alexander Grant	1	41	–	–	n.a.	✓	–	✓	–	✓	–	✓	✓	–	✓	–	–	✓
Holger Heinzel	1	53	✓	✓	n.a.	✓	✓	✓	✓	–	–	✓	–	–	✓	✓	✓	✓
Dr. Norbert Kloppenburg	11	66	✓	✓	✓	✓	✓	–	✓	–	–	✓	–	✓	✓	✓[3]	✓	✓
Stefan Koop	1	43	–	–	n.a.	✓	–	–	–	✓	–	–	–	✓	✓	–	–	✓
Dr. Isabella Niklas	5	50	✓	✓	–	✓	✓	✓	✓	–	–	✓	–	✓	✓	–	–	✓
Franziska Reisener	1	36	–	–	n.a.	✓	–	✓	–	✓	–	–	✓	–	✓	–	–	–
Andreas Rieckhof	3	63	✓	✓	–	✓	–	✓	✓	–	✓	–	✓	✓	✓	–	–	✓
Dr. Sibylle Roggencamp	11	55	✓	–	–	✓	✓	✓	✓	–	–	✓	–	✓	✓	–	✓	✓
Prof. Dr. Burkhard Schwenker	4	64	✓	✓	✓	✓	✓	✓	✓	–	✓	✓	–	–	✓	–	✓[4]	✓
Susana Pereira Ventura	1	37	–	✓	n.a.	✓	–	–	–	✓	–	–	–	–	✓	–	–	✓

1 Independence in the sense of recommendations C.6 para. 2, i.e. independent of the company, the board and the controlling shareholder.

2 In each case within the meaning of § 100 para. 5 in conjunction with Sec 107 para. Sec 107 para. 4 AktG and recommendation D.3 DCGK.

3 Chairman of the Audit Committee, the expertise derives in particular from Dr Norbert Kloppenburg's many years of service on the Executive Board of of KfW Bankengruppe. Added to this is his many years of experience as Chairman of the Audit Committee of the HHLA Supervisory Board.

4 Member of the Audit Committee, the expertise derives in particular from Prof. Dr Burkhard Schwenker's many years of service as Chairman of the Supervisory Board and member of the Risk Committee of the Supervisory Board of Hamburger Sparkasse AG (Haspa) and as a member of the Supervisory Board of Bankhaus M.M. Warburg & CO.

Self-assessment and further information

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 on 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. The legal requirements, i.e. at least 30 % men and 30 % women, or four of each (rounded), are therefore met.

The Supervisory Board had 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 (the so-called German Second Management Positions Act – FüPOG II), the executive board of a listed company governed by the German Co-Determination Act must now comprise at least one man and one woman wherever the executive board comprises more than three people. HHLA has already complied with this requirement throughout the reporting period. Since the departure of Dr. Roland Lappin on 31 January 2023, the proportion of women on the Executive Board is 50 %.

The Executive Board had set a target quota of 30 % for women on both **management levels below the Executive Board** and established a deadline for achieving this by 30 June 2022. As of 30 June 2022, women accounted for 25 % of the first management level and 26 % of the second management level. The main reasons why the targets were not met are that both management levels comprise relatively few people and there were relatively few subsequent appointments in the specified period for meeting the target by 30 June 2022. The Executive Board has set a new quota for the proportion of women on the first management level of four women (corresponding to around 30 % of the current figure of 13) and a quota of ten women for the second management level (corresponding to around 33.3 % of the current figure of 30). The deadline for achieving both targets is

31 December 2026. As of 31 December 2022, there were three women on the first level and eight women on the second management level.

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) applicable 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 performed 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 2022 financial year – Pricewaterhouse-Coopers 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 their attention during the audit of the financial statements. Furthermore, the auditor is obliged to inform the Supervisory Board and record in their report if – when conducting the audit – they identify facts that indicate that the declaration of compliance as per Section 161 AktG is incorrect.

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 passed by the Annual General Meeting. In line with Sections 179 and 133 AktG and Article 22 of the articles of association, a simple majority of votes cast at the Annual General Meeting is sufficient for amending the articles of association. If a capital majority is required in addition to a majority of 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 decide on 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 15 June 2027 by up to € 36,257,469.00 by issuing up to 36,257,469 new registered class A shares by subscription in cash and/or in 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 are 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 the 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 10 % 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 10 % 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 15 June 2027 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 in 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 are 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 – with the exception of 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 described in sections 7.1 to 7.4, particularly the conditions for the purchase or issue of shares, 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 and to the extent that 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. After the company repaid a total of € 18 million in promissory note loans in September 2022, partial repayments for the remaining promissory note loans will be due between 29 September 2023 and 30 September 2025, and for the registered bonds repayments, between 30 September 2027 and 30 September 2030. 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. Should there be 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 is deemed unreasonable to continue. 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 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 stake in the share capital of HHLA attributable to the Free and Hanseatic City of Hamburg (including via indirect interests) falls below 50 %.

The company concluded a loan agreement in September 2022 for a loan of € 90 million to finance capital expenditure in the Port Logistics subgroup. If there is 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 Free and Hanseatic City of Hamburg directly or indirectly holds less than 50.1 % of the shares or voting rights in HHLA.

Moreover, the service contracts of the Executive Board members include a provision that states they are entitled to severance pay if their Executive Board mandate is terminated due to a change of control or comparable circumstances. Section 9

9. The service contracts of the Executive Board members include 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 takeover attempts.

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 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 income that could not be attributed directly to any 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, 6 March 2023

Hamburger Hafen und Logistik Aktiengesellschaft

The Executive Board

Angela Titzrath	Tanja Dreilich	Jens Hansen	Torben Seebold

Some of the disclosures in the management report – including statements on revenue and earnings trends as well as 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.

Consolidated financial statements

Income statement – HHLA Group

in € thousand	Note	2022	2021
Revenue	8.	1,578,351	1,465,422
Changes in inventories	9.	3,338	3,088
Own work capitalised	10.	6,105	4,157
Other operating income	11.	46,374	51,939
Cost of materials	12.	- 484,581	- 404,816
Personnel expenses	13.	- 570,502	- 554,445
Other operating expenses	14.	- 182,831	- 158,669
Earnings before interest, taxes, depreciation and amortisation (EBITDA)		**396,254**	**406,676**
Depreciation and amortisation	15.	- 175,851	- 178,501
Earnings before interest and taxes (EBIT)		**220,403**	**228,175**
Earnings from associates accounted for using the equity method	16.	4,853	4,350
Interest income	16.	2,773	1,596
Interest expenses	16.	- 33,838	- 42,410
Other financial result	16.	- 1	- 95
Financial result	**16.**	**- 26,213**	**- 36,558**
Earnings before tax (EBT)		**194,190**	**191,617**
Income tax	18.	- 61,131	- 58,719
Profit after tax		**133,059**	**132,897**
of which attributable to non-controlling interests	19.	40,375	20,557
of which attributable to shareholders of the parent company		92,685	112,340
Earnings per share, basic and diluted, in €	**20.**		
HHLA Group		1.23	1.50
Port Logistics subgroup		1.13	1.43
Real Estate subgroup		3.93	3.41

Statement of comprehensive income – HHLA Group

in € thousand	Note	2022	2021
Profit after tax		**133,059**	**132,897**
Components which cannot be transferred to the income statement			
Actuarial gains/losses	36.	158,184	47,742
Deferred taxes	18.	- 51,072	- 15,405
Total		**107,112**	**32,337**
Components which can be transferred to the income statement			
Cash flow hedges	47.	- 123	8
Foreign currency translation differences		- 8,147	5,713
Deferred taxes	18.	103	- 9
Other		84	27
Total		**- 8,084**	**5,739**
Income and expense recognised directly in equity		**99,028**	**38,076**
Total comprehensive income		**232,088**	**170,973**
of which attributable to non-controlling interests		43,923	21,579
of which attributable to shareholders of the parent company		188,165	149,395

Income statement – HHLA subgroups

in € thousand; Port Logistics subgroup and Real Estate subgroup; annex to the notes	2022 Group	**2022 Port Logistics**	**2022 Real Estate**	2022 Consolidation
Revenue	1,578,351	1,542,253	44,138	- 8,040
Changes in inventories	3,338	3,338	0	0
Own work capitalised	6,105	4,870	0	1,235
Other operating income	46,374	41,653	6,581	- 1,860
Cost of materials	- 484,581	- 476,345	- 9,014	778
Personnel expenses	- 570,502	- 567,846	- 2,656	0
Other operating expenses	- 182,831	- 178,291	- 12,427	7,887
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**396,254**	**369,632**	**26,621**	**0**
Depreciation and amortisation	- 175,851	- 168,023	- 8,179	351
Earnings before interest and taxes (EBIT)	**220,403**	**201,609**	**18,442**	**351**
Earnings from associates accounted for using the equity method	4,853	4,853	0	0
Interest income	2,773	2,801	54	- 82
Interest expenses	- 33,838	- 31,376	- 2,545	82
Other financial result	- 1	- 1	0	0
Financial result	**- 26,213**	**- 23,722**	**- 2,491**	**0**
Earnings before tax (EBT)	**194,190**	**177,887**	**15,951**	**352**
Income tax	- 61,131	- 55,447	- 5,597	- 87
Profit after tax	**133,059**	**122,440**	**10,354**	**265**
of which attributable to non-controlling interests	40,375	40,375	0	
of which attributable to shareholders of the parent company	92,685	82,066	10,619	
Earnings per share, basic and diluted, in €	**1.23**	**1.13**	**3.93**	

Statement of comprehensive income – HHLA subgroups

in € thousand; Port Logistics subgroup and Real Estate subgroup; annex to the notes	2022 Group	**2022 Port Logistics**	**2022 Real Estate**	2022 Consolidation
Profit after tax	**133,059**	**122,440**	**10,354**	**265**
Components which cannot be transferred to the income statement				
Actuarial gains/losses	158,184	156,516	1,668	
Deferred taxes	- 51,072	- 50,534	- 538	
Total	**107,112**	**105,982**	**1,130**	**0**
Components which can be transferred to the income statement				
Cash flow hedges	- 123	946	- 1,069	
Foreign currency translation differences	- 8,147	- 8,147	0	
Deferred taxes	103	- 242	345	
Other	84	84	0	
Total	**- 8,084**	**- 7,360**	**- 724**	**0**
Income and expense recognised directly in equity	**99,028**	**98,622**	**406**	**0**
Total comprehensive income	**232,088**	**221,063**	**10,760**	**265**
of which attributable to non-controlling interests	43,923	43,923	0	
of which attributable to shareholders of the parent company	188,165	177,140	11,025	

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	

Balance sheet – HHLA Group

in € thousand	Note	31.12.2022	31.12.2021
ASSETS			
Intangible assets	22.	124,449	119,899
Property, plant and equipment	23.	1,814,607	1,801,047
Investment property	24.	226,834	212,587
Associates accounted for using the equity method	25.	18,672	16,912
Non-current financial assets	26.	19,759	15,684
Deferred taxes	18.	74,065	127,882
Non-current assets		**2,278,385**	**2,294,010**
Inventories	27.	34,526	33,551
Trade receivables	28.	206,127	188,271
Receivables from related parties	29.	86,884	86,140
Current financial assets	30.	4,360	4,100
Other non-financial assets	31.	39,214	39,799
Income tax receivables	32.	4,988	490
Cash, cash equivalents and short-term deposits	33.	116,435	155,533
Non-current assets held for sale	34.	0	0
Current assets		**492,534**	**507,885**
Balance sheet total		**2,770,919**	**2,801,895**
EQUITY AND LIABILITIES			
Subscribed capital		75,220	75,220
Port Logistics subgroup		72,515	72,515
Real Estate subgroup		2,705	2,705
Capital reserve		179,718	179,718
Port Logistics subgroup		179,212	179,212
Real Estate subgroup		506	506
Retained earnings		566,462	541,070
Port Logistics subgroup		505,754	485,302
Real Estate subgroup		60,708	55,768
Other comprehensive income		- 22,921	- 118,401
Port Logistics subgroup		- 22,988	- 118,062
Real Estate subgroup		67	- 338
Non-controlling interests		74,835	27,621
Port Logistics subgroup		74,835	27,621
Real Estate subgroup		0	0
Equity	**35.**	**873,313**	**705,227**
Pension provisions	36.	336,735	489,300
Other non-current provisions	37.	151,756	159,649
Non-current liabilities to related parties	40.	431,357	442,786
Non-current financial liabilities	38.	623,332	613,687
Deferred taxes	18.	28,689	24,766
Non-current liabilities		**1,571,869**	**1,730,188**
Other current provisions	37.	29,512	28,070
Trade liabilities	39.	111,789	107,936
Current liabilities to related parties	40.	49,988	58,333
Current financial liabilities	38.	81,434	109,395
Other non-financial liabilities	41.	51,220	49,237
Income tax liabilities	42.	1,794	13,508
Current liabilities		**325,737**	**366,480**
Balance sheet total		**2,770,919**	**2,801,895**

Balance sheet – HHLA subgroups

in € thousand; Port Logistics subgroup and Real Estate subgroup; annex to the notes	31.12.2022 Group	**31.12.2022 Port Logistics**	**31.12.2022 Real Estate**	31.12.2022 Consolidation
ASSETS				
Intangible assets	124,449	124,417	31	0
Property, plant and equipment	1,814,607	1,785,893	16,512	12,202
Investment property	226,834	18,359	230,814	- 22,339
Associates accounted for using the equity method	18,672	18,672	0	0
Non-current financial assets	19,759	15,529	4,230	0
Deferred taxes	74,065	87,804	0	- 13,739
Non-current assets	**2,278,385**	**2,050,674**	**251,588**	**- 23,876**
Inventories	34,526	34,488	38	0
Trade receivables	206,127	205,209	918	0
Receivables from related parties	86,884	75,119	12,966	- 1,201
Current financial assets	4,360	4,203	156	0
Other non-financial assets	39,214	38,355	860	0
Income tax receivables	4,988	6,778	0	- 1,790
Cash, cash equivalents and short-term deposits	116,435	115,511	924	0
Non-current assets held for sale	0	0	0	0
Current assets	**492,534**	**479,663**	**15,862**	**- 2,991**
Balance sheet total	**2,770,919**	**2,530,337**	**267,450**	**- 26,868**
EQUITY AND LIABILITIES				
Subscribed capital	75,220	72,515	2,705	0
Capital reserve	179,718	179,212	506	0
Retained earnings	566,462	505,754	68,322	- 7,615
Other comprehensive income	- 22,921	- 22,988	67	0
Non-controlling interests	74,835	74,835	0	0
Equity	**873,313**	**809,328**	**71,600**	**- 7,615**
Pension provisions	336,735	332,254	4,481	0
Other non-current provisions	151,756	148,107	3,650	0
Non-current liabilities to related parties	431,357	422,594	8,763	0
Non-current financial liabilities	623,332	501,923	121,409	0
Deferred taxes	28,689	21,077	23,873	- 16,261
Non-current liabilities	**1,571,869**	**1,425,955**	**162,175**	**- 16,261**
Other current provisions	29,512	29,492	20	0
Trade liabilities	111,789	102,554	9,235	0
Current liabilities to related parties	49,988	46,567	4,621	- 1,201
Current financial liabilities	81,434	64,690	16,745	0
Other non-financial liabilities	51,220	50,328	891	0
Income tax liabilities	1,794	1,423	2,161	- 1,790
Current liabilities	**325,737**	**295,054**	**33,674**	**- 2,991**
Balance sheet total	**2,770,919**	**2,530,337**	**267,450**	**- 26,868**

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**

Cash flow statement – HHLA Group

in € thousand	Note	2022	2021
1. Cash flow from operating activities			
Earnings before interest and taxes (EBIT)		220,403	228,175
Depreciation, amortisation, impairment and reversals on non-financial non-current assets		175,851	178,501
Increase (+), decrease (-) in provisions		- 8,197	12,812
Gains (-), losses (+) from the disposal of non-current assets		- 141	264
Increase (-), decrease (+) in inventories, trade receivables and other assets not attributable to investing or financing activities		- 23,114	- 28,952
Increase (+), decrease (-) in trade payables and other liabilities not attributable to investing or financing activities		15,317	12,511
Interest received		6,127	4,039
Interest paid		- 27,178	- 29,683
Income tax paid		- 73,058	- 61,368
Exchange rate and other effects		- 6,691	- 434
Cash flow from operating activities		**279,319**	**315,865**
2. Cash flow from investing activities			
Proceeds from disposal of intangible assets, property, plant and equipment and investment property		1,339	2,106
Payments for investments in property, plant and equipment and investment property		- 165,508	- 176,807
Payments for investments in intangible assets	22.	- 13,600	- 11,014
Proceeds from disposal of non-current financial assets		0	125
Payments for investments in non-current financial assets		- 2,506	- 526
Payments for acquiring interests in consolidated companies and other business units (including funds purchased)		- 17,304	- 16,247
Proceeds (+), payments (-) for short-term deposits		45,000	- 25,000
Cash flow from investing activities		**- 152,579**	**- 227,364**
3. Cash flow from financing activities			
Payments for capital procurement costs		0	- 1,165
Payments for increases in interests in fully consolidated companies		- 514	0
Dividends paid to shareholders of the parent company	21.	- 60,066	- 20,842
Dividends/settlement obligation paid to non-controlling interests		- 35,239	- 25,456
Payments for the redemption of lease liabilities		- 49,396	- 47,202
Proceeds from the issuance of bonds and the raising of (financial) loans		67,290	34,041
Payments for the redemption of (financial) loans		- 50,022	- 24,298
Cash flow from financing activities		**- 127,947**	**- 84,922**
4. Financial funds at the end of the period			
Change in financial funds (subtotals 1.–3.)		- 1,208	3,579
Change in financial funds due to exchange rates		- 292	590
Financial funds at the beginning of the period		173,016	168,847
Financial funds at the end of the period	43.	**171,516**	**173,016**

Cash flow statement – HHLA subgroups

in € thousand; Port Logistics subgroup and Real Estate subgroup; annex to the notes	2022 Group	2022 Port Logistics	2022 Real Estate	2022 Consolidation
1. Cash flow from operating activities				
Earnings before interest and taxes (EBIT)	220,403	201,610	18,442	351
Depreciation, amortisation, impairment and reversals on non-financial non-current assets	175,851	168,023	8,179	- 351
Increase (+), decrease (-) in provisions	- 8,197	- 8,422	225	
Gains (-), losses (+) from the disposal of non-current assets	- 141	- 270	129	
Increase (-), decrease (+) in inventories, trade receivables and other assets not attributable to investing or financing activities	- 23,114	- 22,629	- 761	276
Increase (+), decrease (-) in trade payables and other liabilities not attributable to investing or financing activities	15,317	14,833	760	- 276
Interest received	6,127	6,155	54	- 82
Interest paid	- 27,178	- 24,572	- 2,688	82
Income tax paid	- 73,058	- 70,915	- 2,143	
Exchange rate and other effects	- 6,691	- 6,691	0	
Cash flow from operating activities	**279,319**	**257,122**	**22,197**	**0**
2. Cash flow from investing activities				
Proceeds from disposal of intangible assets, property, plant and equipment and investment property	1,339	1,338	1	
Payments for investments in property, plant and equipment and investment property	- 165,508	- 144,574	- 20,934	
Payments for investments in intangible assets	- 13,600	- 13,581	- 19	
Payments for investments in non-current financial assets	- 2,506	- 2,506	0	
Payments for acquiring interests in consolidated companies and other business units (including funds purchased)	- 17,304	- 17,304	0	
Proceeds (+), payments (-) for short-term deposits	45,000	45,000	0	
Cash flow from investing activities	**- 152,579**	**- 131,627**	**- 20,952**	**0**
3. Cash flow from financing activities				
Payments for increases in interests in fully consolidated companies	- 514	- 514	0	
Dividends paid to shareholders of the parent company	- 60,066	- 54,386	- 5,680	
Dividends/settlement obligation paid to non-controlling interests	- 35,239	- 35,239	0	
Payments for the redemption of lease liabilities	- 49,396	- 46,348	- 3,048	
Proceeds from the issuance of bonds and the raising of (financial) loans	67,290	22,290	45,000	
Payments for the redemption of (financial) loans	- 50,022	- 17,881	- 32,141	
Cash flow from financing activities	**- 127,947**	**- 132,078**	**4,131**	**0**
4. Financial funds at the end of the period				
Change in financial funds (subtotals 1.–3.)	- 1,208	- 6,584	5,376	
Change in financial funds due to exchange rates	- 292	- 292	0	
Financial funds at the beginning of the period	173,016	164,655	8,361	
Financial funds at the end of the period	**171,516**	**157,779**	**13,737**	**0**

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	
Gains (-), losses (+) from the disposal of non-current assets	264	263	1	
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	
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	0
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**

Statement of changes in equity – HHLA Group

in € thousand

	Parent company										Parent company interests	Non-controlling interests	Total equity
						Other comprehensive income							
	Subscribed capital		Capital reserve		Retained earnings	Reserve for foreign currency translation	Cash flow hedges	Actuarial gains/ losses	Deferred taxes on changes recognised directly in equity	Other			
	A division	S division	A division	S division									
Balance as of 31 December 2020	**71,700**	**2,705**	**164,093**	**506**	**487,544**	**- 75,976**	**438**	**- 134,745**	**43,413**	**11,413**	**571,092**	**- 4,089**	**567,003**
Dividends					- 37,945						- 37,945	- 872	- 38,816
Capital increase less costs of raising capital not recognized in profit or loss	815		16,047								16,862	0	16,862
First-time consolidation of interests in related parties											0	5,000	5,000
Capital increase of shares in related parties											0	6,003	6,003
Put option granted to non-controlling interests					- 20,870						- 20,870	0	- 20,870
Total comprehensive income					112,340	5,648	4	46,348	- 14,963	18	149,395	21,579	170,973
Other changes			- 928								- 928	0	- 928
Balance as of 31 December 2021	**72,515**	**2,705**	**179,212**	**506**	**541,070**	**- 70,328**	**442**	**- 88,396**	**28,450**	**11,431**	**677,606**	**27,621**	**705,227**
Balance as of 31 December 2021	**72,515**	**2,705**	**179,212**	**506**	**541,070**	**- 70,328**	**442**	**- 88,396**	**28,450**	**11,431**	**677,606**	**27,621**	**705,227**
Dividends					- 60,066						- 60,066	- 1,805	- 61,871
Acquisition of non-controlling interests in consolidated companies					- 1,602						- 1,602	1,088	- 514
Deconsolidation of interests in related parties					- 5,525						- 5,525	4,008	- 1,517
Total comprehensive income					92,685	- 8,232	- 264	153,260	- 49,371	86	188,165	43,923	232,088
Other changes					- 100						- 100	0	- 100
Balance as of 31 December 2022	**72,515**	**2,705**	**179,212**	**506**	**566,462**	**- 78,560**	**178**	**64,864**	**- 20,921**	**11,518**	**798,479**	**74,835**	**873,313**

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

in € thousand; annex to the notes

	Parent company			Other comprehensive income					Parent company interests	Non-controlling interests	Total equity
	Subscribed capital	Capital reserve	Retained earnings	Reserve for foreign currency translation	Cash flow hedges	Actuarial gains/losses	Deferred taxes on changes recognised directly in equity	Other			
Balance as of 31 December 2020	**71,700**	**164,093**	**435,320**	**- 75,976**	**438**	**- 133,412**	**42,983**	**11,413**	**516,560**	**- 4,089**	**512,471**
Dividends			- 32,265						- 32,265	- 872	- 33,137
Capital increase less costs of raising capital not recognized in profit or loss	815	16,047							16,862	0	16,862
First-time consolidation of interests in related parties									0	5,000	5,000
Capital increase of shares in related parties									0	6,003	6,003
Put option granted to non-controlling interests			- 20,870						- 20,870	0	- 20,870
Total comprehensive income subgroup			103,116	5,648	4	45,515	- 14,694	18	139,607	21,579	161,186
Other changes		- 928							- 928	0	- 928
Balance as of 31 December 2022	**72,515**	**179,212**	**485,302**	**- 70,328**	**442**	**- 87,896**	**28,288**	**11,431**	**618,966**	**27,621**	**646,587**
Balance as of 31 December 2022	**72,515**	**179,212**	**485,302**	**- 70,328**	**442**	**- 87,896**	**28,288**	**11,431**	**618,966**	**27,621**	**646,587**
Dividends			- 54,386						- 54,386	- 1,805	- 56,191
Acquisition of non-controlling interests in consolidated companies			- 1,602						- 1,602	1,088	- 514
Deconsolidation of interests in related parties			- 5,525						- 5,525	4,008	- 1,517
Total comprehensive income subgroup			82,066	- 8,232	805	151,592	- 49,178	86	177,140	43,923	221,063
Other changes			- 100						- 100	0	- 100
Balance as of 31 December 2022	**72,515**	**179,212**	**505,754**	**- 78,560**	**1,247**	**63,696**	**- 20,889**	**11,518**	**734,493**	**74,835**	**809,328**

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

in € thousand; annex to the notes

	Subscribed capital	Capital reserve	Retained earnings	Other comprehensive income: Cash flow hedges	Other comprehensive income: Actuarial gains/losses	Other comprehensive income: Deferred taxes on changes recognised directly in equity	Total equity
Balance as of 31 December 2020	**2,705**	**506**	**60,368**	**0**	**- 1,333**	**430**	**62,676**
Dividends			- 5,679				- 5,679
Total comprehensive income subgroup			8,959		833	- 269	9,523
Balance as of 31 December 2021	**2,705**	**506**	**63,647**	**0**	**- 500**	**161**	**66,520**
Plus income statement consolidation effect			265				265
Less balance sheet consolidation effect			- 8,144				- 8,144
Total effects of consolidation			**- 7,879**				**- 7,879**
Balance as of 31 December 2021	**2,705**	**506**	**55,768**	**0**	**- 500**	**161**	**58,640**
Balance as of 31 December 2021	**2,705**	**506**	**63,647**	**0**	**- 500**	**161**	**66,520**
Dividends			- 5,679				- 5,679
Total comprehensive income subgroup			10,354	- 1,069	1,668	- 193	10,760
Balance as of 31 December 2022	**2,705**	**506**	**68,322**	**- 1,069**	**1,168**	**- 32**	**71,600**
Plus income statement consolidation effect			265				265
Less balance sheet consolidation effect			- 7,879				- 7,879
Total effects of consolidation			**- 7,615**				**- 7,615**
Balance as of 31 December 2022	**2,705**	**506**	**60,708**	**- 1,069**	**1,168**	**- 32**	**63,986**

Segment report – HHLA Group

in € thousand; business segments; annex to the notes	Port Logistics subgroup								Real Estate subgroup		Total		Consolidation and reconciliation with Group		Group	
	Container		Intermodal		Logistics		Holding/Other		Real Estate							
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Segment revenue from non-affiliated third parties	856,976	835,057	593,431	517,884	67,470	60,731	18,893	16,196	41,581	35,554	1,578,351	1,465,422	0	0	1,578,351	1,465,422
Inter-segment revenue	7,227	6,844	2,011	1,546	10,129	10,584	146,903	146,656	2,557	2,541	168,826	168,171	- 168,826	- 168,171	0	0
Total segment revenue	**864,203**	**841,901**	**595,442**	**519,430**	**77,599**	**71,315**	**165,796**	**162,852**	**44,138**	**38,095**	**1,747,177**	**1,633,593**				
EBITDA	257,053	256,651	143,942	151,092	4,949	9,251	- 35,657	- 32,811	26,621	22,616	396,908	406,801	- 654	- 125	396,254	406,676
EBITDA margin	29.7 %	30.5 %	24.2 %	29.1 %	6.4 %	13.0 %	- 21.5 %	- 20.1 %	60.3 %	59.4 %						
EBIT	157,264	155,312	95,338	104,314	- 6,852	- 3,014	- 45,102	- 45,673	18,442	15,250	219,090	226,190	1,314	1,986	220,403	228,175
EBIT margin	18.2 %	18.4 %	16.0 %	20.1 %	- 8.8 %	- 4.2 %	- 27.2 %	- 28.0 %	41.8 %	40.0 %						
Segment assets	1,355,323	1,381,781	741,245	671,680	73,324	67,158	158,152	261,223	266,475	246,597	2,594,518	2,628,439	176,401	173,456	2,770,919	2,801,895
Investments in property, plant and equipment and investment property	74,082	96,815	81,685	92,020	9,893	2,179	1,177	5,381	22,701	24,193	189,538	220,588	0	0	189,538	220,588
Investments in intangible assets	6,359	3,707	939	1,366	4,238	2,651	2,972	3,432	19	19	14,527	11,175	- 926	- 162	13,601	11,013
Total investments	**80,441**	**100,522**	**82,624**	**93,386**	**14,131**	**4,830**	**4,149**	**8,813**	**22,720**	**24,212**	**204,065**	**231,763**	**- 926**	**- 162**	**203,139**	**231,601**
Depreciation of property, plant and equipment and investment property	97,136	98,146	48,294	46,486	7,392	5,551	7,701	11,059	8,159	7,345	168,683	168,587	- 1,759	- 1,735	166,924	166,852
thereof impairment	85	0	0	0	1,831	0	0	0	0	0	1,916	0	0	0	1,916	0
Amortisation of intangible assets	2,653	3,193	310	292	4,409	6,714	1,743	1,804	20	21	9,135	12,024	- 208	- 375	8,927	11,649
thereof impairment	0	0	0	0	2,072	4,982	0	0	0	0	2,072	4,982	0	0	2,072	4,982
Total amortisation and depreciation	**99,789**	**101,339**	**48,604**	**46,778**	**11,801**	**12,265**	**9,444**	**12,863**	**8,179**	**7,366**	**177,818**	**180,611**	**- 1,967**	**- 2,110**	**175,851**	**178,501**
Equity investment result	701	494	0	0	4,152	3,856	0	0	0	0	4,853	4,350	0	0	4,853	4,350
Non-cash items	15,578	30,448	1,957	5,020	3,834	1,805	15,016	15,875	1,653	628	38,039	53,776	172	- 68	38,211	53,708
	0	0	0	0												
Container throughput in thousand TEU	6,396	6,943	–	–												
Container transport in thousand TEU	–	–	1,694	1,690												

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 für 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, and particularly real estate in Hamburg's historical Speicherstadt warehouse district and its fishmarket. In order to support the core area of business described, the company is also authorised to offer and perform services, and to develop and manufacture products, systems, installations and solutions (including software), as well as associated applications, both in this area of business and in the additive manufacturing business and information technology as well as related fields. Moreover, the company is 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 is carried out 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 the 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 2022 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) were also taken into account along with additional commercial law regulations. 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 2022 financial year are based on the same accounting and valuation principles used for the 2021 consolidated financial statements. Exceptions are the effects of new IFRS accounting standards stated in Note 5. Use of the latter became mandatory for the Group on 1 January 2022. 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 may not add up to the stated sums.

These HHLA consolidated financial statements for the financial year ending 31 December 2022 were approved by the Executive Board on 6 March 2023 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 offsetting 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

Group of consolidated companies

The group of consolidated companies at HHLA comprises a total of 36 domestic and 27 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 2022	24	23	47
Additions	2	4	6
Disposals	1	0	1
31 December 2022	**25**	**27**	**52**
Companies reported using the equity method			
1 January 2022	11	0	11
31 December 2022	**11**	**0**	**11**
Total 31 December 2022	**36**	**27**	**63**

Subsidiaries

The consolidated financial statements comprise the financial statements for HHLA AG 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 AG 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	
			2022	2021
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	**2022**	2021
Percentage of non-controlling interests	25.1 %	25.1 %
Non-current assets	190,454	201,368
Current assets	191,865	207,880
Non-current liabilities	179,036	196,986
Current liabilities	50,319	142,980
Net assets	**152,964**	**69,282**
Book value of non-controlling interests	**60,896**	**16,314**
Revenue	300,158	290,986
Annual net profit	73,596	1,514
Other comprehensive income	10,086	2,896
Total comprehensive income	**83,682**	**4,410**
of which attributable to non-controlling interests	39,330	1,107
of which attributable to shareholders of the parent company	44,352	3,303
Cash flow from operating activities	85,978	106,345
Settlement obligation to shareholders of non-controlling interests	0	- 33,434

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. More detailed information is available in Note 25.

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, changes to shares in subsidiaries and other changes to the consolidated group

With the share purchase and transfer agreement dated 16 December 2021, METRANS a.s. of 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. of Malaszewicze, Poland. The closing of the transaction (corresponding to the acquisition date) is tied to various conditions and took place on 4 January 2022. The first-time consolidation of the company took place on the acquisition date. The company has been assigned to the Intermodal segment. The company was incorporated into HHLA's group of consolidated companies as of 31 March 2022.

With the share purchase and transfer agreement dated 16 December 2021, METRANS a.s. of Prague, Czech Republic, acquired 20.8 % of the shares in CL EUROPORT Sp. z o.o. of 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 conditions and took place on 4 January 2022. The first-time consolidation of the company took place on the acquisition date. The company has been assigned to the Intermodal segment. The company was incorporated into HHLA's group of consolidated companies as of 31 March 2022.

The following tables depict the consideration transferred for the acquisition of the company as well as 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 in CL EUROPORT s.r.o., Plzen/Czech Republic	17,893
Acquisition of 20.8% of the shares in CL EUROPORT Sp. z o.o., Malaszewicze/Poland	4,690
Transferred consideration	**22,583**

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

in € thousand	100 %
Cash and cash equivalents	**5,313**
Property, plant and equipment	17,318
Other assets	740
Current and non-current liabilities	- 1,463
Deferred taxes	- 1,105
Fair value of assets and liabilities (identifiable net assets)	**20,803**
Plus derived goodwill	1,780
Transferred consideration	**22,583**

The derived goodwill in the amount of € 1,780 thousand reflects the opportunities for further expansion and therefore the future development of the container terminal as well as the exploitation of synergies and new entry points for the METRANS Group's existing network. The goodwill has been allocated to the Intermodal segment, and specifically 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 € 520 thousand and is collectable in full.

Between 1 January and 31 December 2022, the acquired business operations contributed to the HHLA Group's result with revenue of € 6,663 thousand and a profit after tax of € 1,355 thousand.

The transaction costs associated with the acquisition were immaterial.

With the share purchase and transfer agreement dated 22 December 2022, HHLA Next GmbH acquired a 51.0 % stake in Survey Compass GmbH of Treben. The object of the company is the provision of online content, the transfer of software and hardware and consultancy in the logistics and transport industry (focusing on railways, ships, aircraft and trucks) as well as associated industries. The closing of the transaction (corresponding to the acquisition date) is tied to various conditions and took place on

17 January 2023, 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.

A capital increase in the amount of € 2,000 thousand was carried out in connection with the acquisition of the shares and added to subscribed capital and the capital reserves.

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 51.0 % of the shares:

Composition of the consideration transferred

in € thousand	
Basic purchase price	2,975
Fair value of contingent consideration	1,061
Capital increase (pro rata)	980
Transferred consideration	**5,016**

The amount of the contingent consideration, with a maximum amount of € 1,500 thousand, is based on the achievement of individual targets that are independent of each other (milestones) and measured at a respective partial amount. The fair value of the contingent consideration was discounted at a discount rate of 12.5 to 12.8 % and totals € 1,131 thousand.

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 %	HHLA stake 51.0 %
Cash and cash equivalents	**0**	**0**
Intangible assets	3,956	2,018
Carrying amount of net assets acquired	- 104	- 53
Deferred taxes	- 1,120	- 571
Preliminary fair value of assets and liabilities (identifiable net assets)	**2,732**	**1,393**
Plus preliminary derived goodwill		3,623
Transferred consideration		**5,016**

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 € 3,623 thousand reflects the opportunities for further expansion and therefore the future development of the company as well as the exploitation of synergies for the business of HHLA Next GmbH. The goodwill is allocated to the Logistics segment. It is not anticipated that a portion of the recorded goodwill will be tax deductible.

The intangible assets acquired essentially related to the software solutions developed by the company in the course of container asset management.

The fair value of trade receivables amounts to € 54 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 € 1,339 thousand based on the acquisition of 51.0 % of the shares. This valuation is based on the same criteria used to value the acquired assets and liabilities.

The transaction costs associated with the acquisition were immaterial.

With the share purchase and transfer agreement dated 9 May 2022, the share held by METRANS a.s. of Prague, Czech Republic, in METRANS Rail Profi Austria GmbH, Krems an der Donau, Austria, increased from 80.0 % to 100 % because METRANS a.s. acquired the remaining shares from the minority shareholder. In accordance with the entity concept, the purchase price for these shares was taken directly to equity with a corresponding reduction in non-controlling interests.

As of 31 March and 30 June 2022 respectively, the following companies which were established in the 2021 financial year were incorporated into HHLA's group of consolidated companies: METRANS Szeged Kft., based in Budapest, Hungary, and allocated to the Intermodal segment as well as HHLA Next GmbH and omoqo GmbH, both based in Hamburg, both of which were allocated to the Logistics segment.

With the partnership agreement of 26 October 2022, HHLA AG founded the company CERP Solution a.s., Prague, Czech Republic, and acquired all shares in the company. The purpose of the company includes the leasing of land and the rental and hire of movable property. Its inclusion in the HHLA group of consolidated companies took place on 31 December 2022 as a fully consolidated subsidiary assigned to the Logistics segment.

By way of a resolution dated 21 October 2022, the Lüneburg Local Court was ordered to initiate insolvency proceedings against Bionic Production GmbH of Lüneburg at the company's own request. As a result of this, HHLA surrendered control of the company and the company was deconsolidated at the same time. This resulted in a loss of € 1,517 thousand which was recognised directly in equity. Income of € 126 thousand recognised through profit and loss in other operating income was also generated.

Impairment effects arising in connection with this are explained under Note 6.

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

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 € 1,268 thousand in the financial year (previous year: € 1,638 thousand), largely due to the exchange rate development of the Czech koruna.

The concept of functional currency according to IAS 21 is applied when translating 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 fell, with the change recognised directly in equity, by € 8,232 thousand (previous year: an increase of € 5,647 thousand), largely due to the depreciation of the Ukrainian currency in the amount of € 8,260 thousand (previous year: appreciation of the Ukrainian currency in the amount of € 5,003 thousand).

Foreign currency translation

		Spot rate = 1€		Average annual rate = 1€	
Currency	ISO-Code	**31.12.2022**	31.12.2021	**2022**	2021
Australian dollar	AUD	1.569	1.562	1.517	1.575
Canadian dollar	CAD	1.444	1.439	1.370	1.483
Czech crown	CZK	24.116	24.858	24.559	25.686
Georgian lari	GEL	2.884	3.504	3.102	3.826
Hungarian forint	HUF	400.870	369.190	391.030	358.817
Polish zloty	PLN	4.681	4.597	4.678	4.570
Ukrainian hryvnia	UAH	38.951	30.923	34.125	32.455
US dollar	USD	1.067	1.133	1.053	1.183

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. First-time application had no material impact on the consolidated financial statements.

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 made from selling items produced while bringing the asset to its intended location or condition (e. g. product samples). Instead, such proceeds and 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.

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.

- **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 in the case of 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.

- **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 issued by the IASB on 12 February 2021 clarifies how entities 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 European Union published and adopted these amendments on 3 March 2022. The amendments apply to financial years beginning on or after 1 January 2023.
- **Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies**
  On 3 March 2022, the European Union published and adopted the IASB amendments from 12 February 2021 to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2. The amendments require an entity to present only its "material" accounting policies in the Notes. 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 apply to financial years beginning on or after 1 January 2023.
- **Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)**
  On 12 August 2022, the European Union published and adopted the amendments to IAS 12 that were issued by the IASB on 7 May 2021. This removed 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 to reporting periods beginning on or after 1 January 2023.
- **Amendments to IFRS 17 Insurance Contracts: First-time Application of IFRS 17 and IFRS 9 – Comparative Information**
  On 9 September 2022, the European Union published and adopted the IASB's amendments from 9 December 2021 to IFRS 17. The marginal amendment introduces the option to apply a classification overlay approach, provided 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 apply 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.

- **Amendments to IAS 1 Presentation of Financial Statements: Classification of Debt with Covenants 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. In 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. On 31 October 2022, the IASB published further amendments to IAS 1 – Presentation of Financial Statements. The amendment concerns the classification of debt that is subject to covenants. The IASB clarifies that covenants which should be adhered to before or on the balance sheet date may affect whether the debt is classified as current or non-current. By contrast, covenants which should merely be adhered to after the balance sheet date have no impact on this classification and should be disclosed in the Notes to the financial statements. This amendment thus amends the two amendments to IAS 1 regarding the same issue from January and July 2020. The amendments are mandatory for financial years beginning on or after 1 January 2024. Early adoption is permitted.

- **Amendments to IFRS 16 Leases: Lease Liabilities from Sale and Leaseback Transactions**
  On 22 September 2022, the IASB published amendments to IFRS 16 that affect how lease liabilities from sale and leaseback transactions are accounted for. Following a sale, a lessee must now measure the lease liability in such a way that no amount relating to the retained right of use is recognised in profit or loss. The amendments apply to financial years beginning on or after 1 January 2024. 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. Specifically, the following accounting and valuation principles have been applied.

Intangible assets

Intangible assets are capitalised where 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, with the exception of 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 in the course of the year.

Useful life of intangible assets

in years	2022	2021
Software	3 – 10	3 – 10
Internally developed software	5 – 10	5 – 10
Other intangible assets	3 – 30	3 – 30

Property, plant and equipment

Property, plant and equipment is reported at cost less accumulated depreciation, amortisation and impairment losses. 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, with an equivalent provision 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	2022	2021
Buildings and structures	10 – 70	10 – 70
Technical equipment and machinery	5 – 25	5 – 25
Other plant, operating and office equipment	3 – 20	3 – 20

Land has an indefinite useful life. It is only subject to unscheduled value adjustments as necessary.

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 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 values 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, thereby applying 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 %	**2022**	2021
CTT/Rosshafen	6.1	5.3
HCCR	6.1	5.3
METRANS	7.0	5.8
EUROPORT	7.2	-
HHLA TK Estonia	7.3	6.0
PLT	8.7	7.0
iSAM	9.3	7.5
CTO	13.8	-
Bionic	-	9.7

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, this will be taken into account. A growth factor of 1.0 % (previous year: 1.0 %) was applied in the reporting year. When forecasting cash flows, the Group takes account of future market and sector expectations as well as past experience 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.

Having reviewed whether there could be indications of an impairment of assets, the picture for individual CGUs was as follows:

As the company's earnings development was below the original expectations at the time of its acquisition, primarily as a result of the Russia-Ukraine war, the management performed a supplementary impairment test on the assets of CL EUROPORT Sp. Z o.o., based in Malaszewicze, Poland (CGU EUROPORT) as of 31 December 2022. Based on current planning, there is no need to recognise an impairment loss; the recoverable amount is sufficiently higher than the carrying amount for valuation purposes. An interest rate of 7.2 % was applied for the impairment test.

As of the measurement date of 31 December 2021, a recoverable amount for the cash-generating unit HHLA PLT Italy S.r.l., Trieste, Italy (CGU PLT) was calculated as part of the annual testing of goodwill. This amount was approximately € 3.1 million higher than the carrying amount for valuation purposes. As the recoverable amount was close to the carrying amount, the management considered it possible as of the measurement date of 31 December 2021 that there could be a change in material assumptions which would lead to the carrying amount exceeding the recoverable amount. A change that would have led to parity between the recoverable amount and the carrying amount would have been an increase of 0.15 pp in the discount rate.

As of the measurement date of 30 June 2022, an increase in the discount rate from 7.0 to 8.0 % was observed. The management thus regarded this increase as indicative of the need to conduct an impairment test for the CGU PLT as of the measurement date of 30 June 2022. The estimate of cash flows in the detailed planning period was updated on the basis of new information. With an unchanged growth factor of 1.0 %, the recoverable amount as of 30 June 2022 was still approximately € 0.9 million higher than the carrying amount for valuation purposes. As the recoverable amount was close to the carrying amount for valuation purposes, even a marginal change in the valuation parameters would have led to parity between the recoverable amount and the carrying amount for valuation purposes.

As of the measurement date of 31 December 2022 and as part of the annual review of goodwill for the CGU PLT, 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 8.7 %. Based on the estimate used, the recoverable amount for the CGU PLT is approximately € 9.1 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	+ 0.65 pp
Growth factor	- 1.25 pp
EBIT[1]	- 8.9 %

1 Change applies to the detailed planning for the first 10 years and the going concern value.

Due to the Russia-Ukraine war, the management conducted an impairment test of the assets of SC Container Terminal Odessa in Odessa, Ukraine (CGU CTO), as of 30 June 2022. For this purpose, the management developed scenarios based on the original planning. These scenarios assumed the continued existence of the container terminal. For both scenarios, it was assumed that seaborne container handling would not resume in 2022. As for the subsequent years, one scenario envisaged a medium-term recovery and a return to the original volumes planned before the Russia-Ukraine war; the other scenario envisaged a recovery in the short term. Both scenarios envisaged the upper and lower points of possible developments based on the information at the time; for this reason, they were taken as equally probable for the impairment test. The weighted cash flows were discounted at a rate of 10.9 %. Based on the impairment test, the recoverable amount was approximately € 8 million higher than the carrying amount for valuation purposes. An increase in the discount rate of around 1.2 percentage points would have led to parity between the recoverable amount and the carrying amount for valuation purposes. The management performed another impairment test on the company's assets as of 31 December 2022. Current planning is based on a resumption of seaborne container handling in the short term, which in the years ahead will be followed by recovery and a return to the volumes originally expected before the Russia-Ukraine war. Another scenario developed assumes a delayed resumption of seaborne container handling and a subsequent recovery. The current planning and the additional scenario envisage the upper and lower points of possible developments based on current information; for this reason, they were taken as equally probable for the impairment test. The weighted cash flows were discounted at a rate of 13.8 %. Based on the assumptions described, there is no need to recognise an impairment loss; the recoverable amount is sufficiently higher than the carrying amount for valuation purposes.

For Bionic Production GmbH, Lüneburg (CGU Bionic), the recoverable amount was calculated as the fair value of the intangible assets and property, plant and equipment as of 30 June 2022. This resulted in an impairment of around € 4 million. The company was deconsolidated as of 21 October 2022; see Note 3.

On each reporting date, an assessment is made as to whether an impairment loss recognised in prior periods either no longer exists or has decreased. If there are such indications, the recoverable amount is estimated. Where there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised, previously recognised impairment losses are reversed. In this 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, had no impairment losses 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 systematically to write down the adjusted carrying amount of the asset, less any residual value, over its remaining useful life.

Impairment losses on goodwill are not reversed.

Financial assets

Depending on the business model under which significant amounts of assets are held, and depending on 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, 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 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 assigned to this business model. This category 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. If these are not solely comprised of interest and repayments – and thus reflect not only the fair value of the cash and the credit risk of the counterparty – the debt instruments concerned are measured at fair value through profit and loss. These debt instruments are automatically assigned to the “Hold for trading” business model.

Classification of financial assets

The following table shows the financial assets recognised by HHLA and their assigned business models on which the corresponding measurement categories are based. The cash flows of all the financial assets belonging to the “Hold to collect” and “Hold to collect and sell” business models are solely comprised of interest and repayments.

Classification in accordance with IFRS 9

	Business model	Measurement categories
Financial assets	Hold to collect and sell	Fair value through other comprehensive income (with 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 when 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 the default risk is not classified as “low” on the balance sheet date, all expected losses over the entire term will be recorded from this point. Otherwise, it is only necessary to take account of the expected losses over the term of the instrument 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 where progress towards complete fulfilment of the performance obligation can be deemed appropriate.

Financial liabilities

In principle, financial liabilities are to be classified by measurement category. As soon as HHLA becomes a contracting party, financial liabilities must be recognised. 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. A liability is derecognised as a result of repayment, buy-back or debt relief.

If the company can be obliged to buy back the shares of shareholders outside the Group on the basis of written put options, the potential purchase price liability is measured at the present value of the exercise price of the put option on the balance date in accordance with the contractual regulations, and recognised in financial liabilities. A reserve of the same amount is recognised in equity.

Provisions

A provision is formed if the Group has a present (legal or factual) obligation arising from past events, 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 cost affecting net income is recognised in personnel expenses, with the interest proportion of the addition to provisions 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 "block model" is recognised as provisions for phased early retirement (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 as well as supplementary amounts.

If payment obligations do not become payable until after twelve months' time because of entitlements in the block model or in 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, provided exercise thereof is deemed sufficiently certain
- Compensation payments incurred where 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;
- 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 are 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 the 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. Rental contracts are classified as operating leases, as the main risks and potential rewards of the properties remain with the Group. 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:

Provision of services

Income from services is recognised according to the extent to which the service has been provided over time or, if not applicable, at a given 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. For a detailed description of the provision of services in the respective segments, please see Note 44.

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 can expected to be entitled (acquisition of power of disposal). The HHLA Group only engages in the sale of goods and merchandise on a small scale.

Interest

Interest income and interest expenses are recognised when 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 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 subsidised equipment for a retention period of five 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 € 63,729 thousand which were paid to the HHLA Group between 2001 and 2022. These grants have been deducted from the cost of purchasing the subsidised investments. The HHLA Group received € 1,536 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 applying the balance sheet liabilities method to 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 to 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 offset against one another.

Derivative financial instruments and hedging transactions

As in the previous year, the Group conducted currency hedging transactions to hedge future cash flows in foreign currency. As these are not in a hedging relationship in accordance with IFRS 9, the instruments were measured at fair value through profit and loss. In addition, forward interest rate swaps were used in the reporting period to hedge the interest rate level for the planned drawdown of fixed interest loans to finance investments. These hedging transactions were designated in hedge accounting according to IFRS 9. The effective changes in fair value are thus initially recognised in other comprehensive income. Any ineffective component would be recognised through profit or loss. The amount accumulated in equity from the hedging transactions remains in equity until future cash flows occur. It is reclassified as interest expenses through profit or loss when the underlying transaction occurs. By contrast, there were no hedging transactions to hedge fair value or net investments in a foreign operation.

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 are made a going concern basis, based on past experience and other relevant factors.

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 which 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 may be 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 the 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 likely future cash flows from the cash-generating unit and 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 timeframe of cash flows which these assets are expected to 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 regarding demographic changes, salary and pension increases as well as interest, inflation and fluctuation rates. Since 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 lease terms 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 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 offering an economic incentive to exercise renewal options are taken into consideration. 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

This item includes liabilities from leases.

In the previous year, it also included financial settlement obligations to shareholders with non-controlling interests in consolidated subsidiaries. These liabilities existed 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. The parameters used to calculate this amount were subject to significant uncertainties which caused figures to fluctuate accordingly. More detailed information is available in Note 38.

Calculating fair value

The Group regularly reviews the fair value measured for financial and non-financial assets and liabilities.

It 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	Quoted prices (unadjusted) in active markets for identical assets and liabilities
Level 2	Valuation parameters that are not quoted prices included in Level 1, but are observable for the asset or liability either directly (i.e. as a price) or indirectly (i.e. as a derivative of prices)
Level 3	Valuation parameters for assets or liabilities that 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. 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	2022	2021
	3,338	**3,088**

Changes in inventories relate to changes in the inventories of finished products and work in progress.

10. Own work capitalised

Own work capitalised

in € thousand	2022	2021
	6,105	**4,157**

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

11. Other operating income

Other operating income

in € thousand	2022	2021
Income from reimbursements	9,515	10,133
Income from exchange rate differences	3,534	2,280
Income from compensation	2,521	3,037
Income from reversal of other provisions	714	2,496
Other	30,090	33,993
	46,374	**51,939**

As in the previous year, income from reimbursements relates primarily to costs passed on in connection with leases.

The decrease in income from the reversal of other provisions is due to a change whereby the reversal of provisions for restructuring as well as bonuses and one-off payments are essentially recognised in personnel expenses as from the 2022 financial year.

Other operating income includes income from the outsourcing of personnel of € 5,888 thousand (previous year: € 5,664 thousand) and income from staff catering of € 3,015 thousand (previous year: € 2,173 thousand). Compared with the previous year, there was less income from the derecognition of liabilities recognised in previous periods. Furthermore, other operating income includes numerous smaller individual items.

12. Cost of materials

Cost of materials

in € thousand	**2022**	2021
Raw materials, consumables and supplies	132,082	105,721
Purchased service	350,881	297,991
Leasing costs	1,618	1,104
	484,581	**404,816**

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	**2022**	2021
Wages and salaries	405,723	386,650
Staff deployment	79,174	67,485
Social security contributions and benefits	72,943	84,334
Service expense	11,927	15,587
Other retirement benefit expenses	735	389
	570,502	**554,445**

More details on direct remuneration paid to the members of the Executive Board and the Supervisory Board for the reporting year and the previous year can be found in Note 48.

The rise in wages and salaries in the reporting year is essentially due to increases in union wage rates and additions to the group of consolidated companies.

Due to the higher storage load at the Hamburg container terminals in the reporting year, there was an increase in expenses for staff deployment.

Social security contributions and benefits include a significant reversal (previous year: addition) of a provision for restructuring as part of an efficiency programme. Social security contributions include payments towards the public pension scheme amounting to € 33,729 thousand (previous year: € 32,463 thousand) and payments to the German pension insurance scheme.

Service cost includes payments from defined benefit pension commitments and similar obligations; see Note 36.

Average number of employees of fully consolidated companies

	2022	2021
Employees receiving wages	3,418	3,384
Salaried staff	3,119	2,966
Trainees	75	73
	6,612	**6,423**

In addition, the Group used an annual average of 705 employees (previous year: 624) of Gesamthafenbetriebs-Gesellschaft m. b. H., Hamburg (GHB).

14. Other operating expenses

Other operating expenses

in € thousand	2022	2021
Consultancy, services, insurance and auditing expenses	66,472	64,367
External maintenance services	48,712	42,217
Leasing costs	16,213	12,286
Travel expenses, advertising and promotional costs	6,472	4,017
Other personnel expenses	4,625	3,431
Other taxes	2,930	2,708
External and internal cleaning costs	2,573	2,890
Impairment losses on financial assets	2,021	1,782
Postage and telecommunications costs	2,012	1,901
Expenses from exchange rate differences	1,925	991
Other venture expenses	1,805	2,504
Losses on the disposal of property, plant and equipment	374	780
Other	26,697	18,795
	182,831	**158,669**

Expenses for external maintenance services increased due to higher real estate-related maintenance expenses and higher maintenance expenses for equipment, facilities and the IT infrastructure.

For details of lease expenses, see Note 45.

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	**2022**	2021
Intangible assets	8,927	11,649
Property, plant and equipment	159,284	159,481
Investment property	7,640	7,371
	175,851	**178,501**

A classification of 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	**2022**	2021
Earnings from associates accounted for using the equity method	**4,853**	**4,350**
Income from currency hedging instruments at fair value	1,602	375
Interest income from non-affiliated companies and non-consolidated affiliated companies	623	424
Interest income from bank balances	249	15
Income from exchange rate differences	227	697
Interest portion of other provisions	72	80
Other	0	5
Interest income	**2,773**	**1,596**
Interest included in lease payments	19,970	22,397
Interest expenses on bank liabilities	5,851	5,590
Interest portion of pension provisions	4,097	1,164
Interest portion of other provisions	1,876	1,496
Interest expenses to non-affiliated companies and non-consolidated affiliated companies	1,476	1,358
Expenses from exchange rate differences	568	348
Expenses from the adjustment of settlement obligations to shareholders with non-controlling interests	0	10,057
Interest expenses	**33,838**	**42,410**
Net interest income	**- 31,065**	**- 40,814**
Depreciation and amortisation on financial assets	- 1	- 95
Other financial result	**- 1**	**- 95**
	- 26,213	**- 36,558**

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 details of the interest component included in relation to the lease rates, please refer to Note 45.

For information on liabilities related to interest expenses associated with liabilities to banks, see Note 38.

For details of the interest component included in other provisions, see Note 37.

For information on expenses recognised in the previous year from the adjustment of settlement obligations to shareholders with non-controlling interests, see Note 38.

17. Research and development costs

Research and development costs of € 932 thousand were incurred in the 2022 financial year (previous year: € 2,389 thousand). These primarily relate to research on technologies for the transportation of hydrogen (TransHyDE) and research as part of the subsidy programme for Innovative Port Technologies (IHATEC).

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 with 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	2022	2021
Deferred taxes on temporary differences	**1,799**	**3,128**
of which domestic	2,805	957
of which foreign	- 1,006	2,171
Deferred taxes on losses carried forward	**3,049**	**- 1,969**
of which domestic	1,539	- 860
of which foreign	1,510	- 1,109
Total deferred taxes	**4,848**	**1,159**
Current income tax expense	**56,283**	**57,560**
of which domestic	39,552	38,431
of which foreign	16,731	19,129
	61,131	**58,719**

Current income tax expenses include tax expenses from other accounting periods amounting to € 554 thousand (previous year: € - 35 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	**31.12.2022**	31.12.2021	**31.12.2022**	31.12.2021
Intangible assets	0	0	4,025	5,564
Property, plant and equipment	0	0	34,683	31,362
Investment property	0	0	8,786	8,945
Other assets	1,701	1,840	2,881	4,386
Pension and other provisions	57,607	114,614	1,059	1,346
Other liabilities	40,158	36,307	1,977	417
Off-balance sheet items	0	2,375	679	0
	99,466	**155,136**	**54,090**	**52,020**
Netted amounts	- 25,401	- 27,254	- 25,401	- 27,254
	74,065	**127,882**	**28,689**	**24,766**

Reconciliation between the income tax and hypothetical tax based on the IFRS result and the Group's applicable tax rate

in € thousand	**2022**	2021
Earnings before tax (EBT)	**194,190**	**191,617**
Income tax expense at hypothetical income tax rate of 32.28 % (previous year: 32.28 %)	62,685	61,854
Tax income (-), tax expenses (+) for prior years	1,040	- 244
Tax-free income	2,895	942
Non-deductible expenses	2,591	2,752
Trade tax additions and reductions	2,037	- 57
Permanent differences	- 3,621	3,695
Differences in tax rates	- 14,320	- 14,806
Impairment losses in deferred tax assets	7,219	4,503
Other tax effects	605	80
Income tax	**61,131**	**58,719**

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 comprises corporation tax at 15.0 %, a solidarity surcharge of 5.5 % of corporation tax and the trade tax payable in Hamburg of 16.45 %. Limited partnerships are also liable to trade tax. Due to special rules, property management companies do not generally 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 offset 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 year-on-year change is essentially due to the effects of deconsolidation.

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 where it is sufficiently certain that they can be realised in the near future. The Group has corporation and trade tax loss carry-forwards of € 0 thousand (previous year: € 2,381 thousand) for which deferred tax assets of € 0 thousand (previous year: € 860 thousand) are recognised. Deferred taxes of € 0 thousand (previous year: € 6,008 thousand) are recognised on foreign tax loss carry-forwards of € 0 thousand (previous year: € 1,515 thousand). No deferred tax assets are recognised for domestic corporation tax loss carry-forwards of € 15,601 thousand (previous year: € 14,612 thousand), domestic trade tax loss carry-forwards of € 55,357 thousand (previous year: € 36,318 thousand) and foreign tax loss carry-forwards of € 28,328 thousand (previous year: € 32,119 thousand). Under current legislation, tax losses can be carried forward in Germany without restriction.

Deferred tax assets of € - 22,924 thousand (previous year: € 28,045 thousand) recognised directly in equity without effect on profit and loss come from actuarial gains and losses on pension provisions, cash flow hedges 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	**2022**	2021	**2022**	2021	**2022**	2021
Actuarial gains/losses	158,184	47,742	- 51,072	- 15,405	107,112	32,337
Cash flow hedges	- 123	8	130	0	7	8
Unrealised gains/losses on available-for-sale financial assets	84	27	- 27	- 9	57	18
	158,145	**47,777**	**- 50,969**	**- 15,414**	**107,176**	**32,363**

19. Share of results attributable to non-controlling interests

Profits attributable to non-controlling interests amounting to € 40,375 thousand (previous year: € 20,557 thousand) mainly relate to non-controlling shareholders of HHLA Container Terminal Altenwerder GmbH, Hamburg (CTA). This share of earnings increased as interest expenses arising from the measurement of a settlement obligation to a non-controlling shareholder were included in the previous year. A higher actual share of earnings attributable to the CTA also contributed to the increase.

20. Earnings per share

Basic earnings per share in €

	Group		Port Logistics subgroup		Real Estate subgroup	
	2022	2021	**2022**	2021	**2022**	2021
Share of consolidated net profit attributable to shareholders of the parent company in € thousand	92,685	112,340	82,066	103,116	10,619	9,224
Number of common shares in circulation (weighted average)	75,219,438	74,806,496	72,514,938	72,101,996	2,704,500	2,704,500
	1.23	**1.50**	**1.13**	**1.43**	**3.93**	**3.41**

The capital increase carried out in July 2021 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 814,723. This change is reflected in the table above and had no significant effect on earnings per share.

Basic earnings per share are calculated in accordance with IAS 33, thereby 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 distributable profit attributable to the relevant division.

At the Annual General Meeting held on 16 June 2022, shareholders approved the proposal by the Executive Board and Supervisory Board to distribute a dividend of € 0.75 per share to the shareholders of the Port Logistics subgroup and of € 2.10 per share to the shareholders of the Real Estate subgroup. The total dividend of € 60,066 thousand was paid accordingly on 21 June 2022. For further information, please refer to Note 35.

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 scheduled for 15 June 2023 the distribution of a cash dividend of € 0.75 per dividend-entitled listed Class A share and a cash dividend of € 2.20 per non-listed Class S share. Based on the number of dividend-entitled shares as of 31 December 2022, this is equivalent to a distribution amount of € 54,386 thousand for the Port Logistics subgroup and of € 5,950 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 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 consolidation/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 amount as of 1 January 2022	**61,462**	**5,708**	**29,921**	**14,109**	**8,699**	**119,899**
Acquisition or production cost						
1 January 2022	70,481	65,314	78,164	21,213	8,699	243,871
Additions	1,780	1,353	6,132	63	6,053	15,381
Disposals	- 9,019	- 9		- 73	- 3	- 9,104
Reclassifications		6,148		39	- 7,797	- 1,610
Changes in scope of consolidation/consolidation method		- 70		- 4,001	- 59	- 4,130
Effects of changes in exchange rates		- 651		- 76	- 20	- 747
31 December 2022	**63,242**	**72,085**	**84,296**	**17,165**	**6,873**	**243,661**
Accumulated depreciation, amortisation and impairment						
1 January 2022	9,019	59,606	48,243	7,104	0	123,972
Additions	0	2,918	2,015	3,994		8,927
Disposals	- 9,019	- 9		- 33		- 9,061
Reclassifications						0
Changes in scope of consolidations/consolidation method		- 70		- 4,001		- 4,071
Effects of changes in exchange rates		- 551		- 4		- 555
31 December 2022	**0**	**61,894**	**50,258**	**7,060**	**0**	**119,212**
Carrying amount as of 31 December 2022	**63,242**	**10,191**	**34,038**	**10,105**	**6,873**	**124,449**

Carrying amounts for goodwill by segments

in € thousand	**31.12.2022**	31.12.2021
Container	53,492	53,492
Intermodal	3,292	1,512
Logistics	6,458	6,458
	63,242	**61,462**

The goodwill of the cash-generating unit (CGU) CTT/Rosshafen in the amount of € 35,525 thousand, the CGU PLT in the amount of € 8,487, 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 recorded in the Intermodal segment is due to the acquisition of shares in CL EUROPORT s.r.o., based in Plzen, Czech Republic, and in CL EUROPORT Sp. Z o.o., based in Malaszewicze, Poland, in the amount of € 1,780 thousand; see Note 3.

The goodwill 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 added to HHLA’s group of consolidated companies. The goodwill also attributable to this segment as a result of the acquisition of Bionic Production GmbH, Lüneburg, was tested for impairment in the 2021 reporting year as of 30 June and 31 December due to the deterioration in the global economic environment. As a result, the carrying amount of the goodwill on both reporting dates was adjusted in the amount of € 4,982 thousand.

Additions of internally developed software and payments made on account in the reporting period mainly relate to the migration of a new terminal management and administration 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, buildings and structures	Technical equipment and machinery	Other plant, operating and office equipment	Payments on account and plants under construction	Total
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**
Carrying amount as of 1 January 2022	**938,832**	**375,795**	**392,908**	**93,512**	**1,801,047**
Acquisition or production cost					
1 January 2022	1,515,505	1,033,835	797,005	93,512	3,439,857
Additions	20,863	9,135	49,495	90,304	169,797
Disposals	- 9,783	- 2,637	- 8,686	- 102	- 21,208
Reclassifications	10,839	10,675	19,551	- 40,003	1,062
Changes in scope of consolidation/consolidation method	13,004	- 722	510	512	13,304
Effects of changes in exchange rates	- 8,159	- 4,759	- 448	- 3,022	- 16,388
31 December 2022	**1,542,269**	**1,045,527**	**857,427**	**141,201**	**3,586,424**
Accumulated depreciation, amortisation and impairment					
1 January 2022	576,673	658,040	404,097	0	1,638,810
Additions	64,560	47,912	45,801	1,011	159,284
Disposals	- 7,553	- 2,060	- 8,138		- 17,751
Reclassifications	95	- 95			0
Changes to scope of consolidation/consolidation method	- 459	- 1,391	- 343	- 1,011	- 3,204
Effects of changes in exchange rates	- 2,107	- 2,976	- 239		- 5,322
31 December 2022	**631,209**	**699,430**	**441,178**	**0**	**1,771,817**
Carrying amount as of 31 December 2022	**911,060**	**346,097**	**416,249**	**141,201**	**1,814,607**

See Note 45 for further details regarding 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 container wagons and the development of existing and new hinterland terminals.

Disposals in the reporting period mainly relate to the termination of leases for land and buildings, and to the scrapping of technical equipment and machinery.

Changes to the group of consolidated companies in the reporting year relate to the subsidiaries included for the first time, CL EUROPORT s.r.o., based in Plzen, Czech Republic, and CL EUROPORT Sp. z o.o., based in Malaszewicze, Poland, both of which are wholly owned subsidiaries of METRANS a.s, Prague, Czech Republic, and to the first-time consolidation of Bionic Production GmbH, Lüneburg; see Note 3.

The effects of changes in exchange rates mainly include the exchange rate changes of the Ukrainian currency.

Impairment losses on property, plant and equipment totalling € 1,916 thousand (previous year: € 0 thousand) were recognised in the reporting year.

Buildings, surfacing and movable non-current assets with a carrying amount of € 58,051 thousand (previous year: € 76,561 thousand) have been pledged as collateral for loans granted to Group companies.

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, buildings and structures	Technical equipment and machinery	Other plant, operating and office equipment	Total
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**
Carrying amount as of 1 January 2022	**610,632**	**14,341**	**52,084**	**677,058**
Acquisition or production cost				
1 January 2022	722,457	22,490	100,463	845,411
Additions	9,323	- 730	10,229	18,822
Disposals	- 6,049	- 1	- 2,292	- 8,342
Reclassifications	- 3,349	- 3,689		- 7,038
Changes in scope of consolidation/consolidation method	2,840		320	3,160
Effects of changes in exchange rates	- 3,499	8	536	- 2,956
31 December 2022	**721,723**	**18,078**	**109,256**	**849,057**
Accumulated depreciation, amortisation and impairment				
1 January 2022	111,825	8,149	48,379	168,353
Additions	34,876	2,000	13,387	50,263
Disposals	- 3,922		- 1,992	- 5,914
Reclassifications	95	- 1,195		- 1,100
Changes to scope of consolidation/consolidation method	- 459		- 88	- 547
Effects of changes in exchange rates	- 420	8	472	60
31 December 2022	**141,995**	**8,962**	**60,158**	**211,115**
Carrying amount as of 31 December 2022	**579,728**	**9,116**	**49,098**	**637,942**

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 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**
Carrying amount as of 1 January 2022	**172,845**	**39,742**	**212,587**
Acquisition or production cost			
1 January 2022	356,417	39,742	396,159
Additions	13,316	8,151	21,467
Disposals		- 128	- 128
Reclassifications	31,616	- 31,068	548
31 December 2022	**401,349**	**16,697**	**418,046**
Accumulated depreciation, amortisation and impairment			
1 January 2022	183,572	0	183,572
Additions	7,640		7,640
Disposals			0
Reclassifications			0
31 December 2022	**191,212**	**0**	**191,212**
Carrying amount as of 31 December 2022	**210,136**	**16,697**	**226,834**

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 € 58,477 thousand (previous year: € 52,425 thousand). The direct operating expenses for investment property, which are fully attributable to rental income, amounted to € 15,851 thousand in the reporting year (previous year: € 15,077 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	2022	2021
As of 1 January	588,038	604,489
Change in fair value (not realised)	- 3,606	- 16,451
As of 31 December	**584,432**	**588,038**

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 fair value measurement. The estimated fair value would increase (decrease) if
The fair values are determined on the basis of the projected net cash flows from the management of the properties using the discounted cash flow method (DCF method). A detailed planning period of ten years or until the end of the useful life is assumed for properties with a remaining useful life of less than ten years. The discounting of the cash flows is based on customary market discount rates. The determination is made on a property-specific basis using property-specific assessment criteria.	Contractual rental income	the contractual rental income would be higher (lower)
	Expected rent increases	expected rent increases would be higher (lower)
	Vacancy periods	the vacancy periods would be shorter (longer)
	Occupancy rate	the occupancy rate would be higher (lower)
	Rent-free periods	the rent-free periods would be shorter (longer)
	Possible terminations of the tenancy agreement	possible terminations would not (occur)
	Follow-up renting	the follow-up renting would occur sooner (later)
	Operating, administrative and maintenance costs	the operating, administration and maintenance costs would be lower (higher)
	Rent for the land	the rent would be lower (higher)
	Discount rate (4.54 to 7.72 % p. a.)	the risk-adjusted discount rate would be lower (higher)

Regarding existing restrictions on the disposal and use of buildings in connection with the renting of 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	**31.12.2022**	31.12.2021
Interests in joint ventures	13,913	12,442
Interests in associates companies	4,759	4,470
	18,672	**16,912**

Interests in joint ventures include Hansaport Hafenbetriebsgesellschaft mit beschränkter Haftung, ARS-UNIKAI GmbH, Kombi-Transeuropa Terminal Hamburg GmbH, Spherie GmbH (formerly Spherie UG [haftungsbeschränkt]), Third Element Aviation GmbH and Hyperport Cargo Solutions GmbH i. G; they also include HHLA Frucht- und Kühl-Zentrum GmbH, Ulrich Stein Gesellschaft mit beschränkter Haftung and HVCC Hamburg Vessel Coordination Center GmbH. The HHLA Group holds more than half of the voting rights in these companies, 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).

Interests in associated companies include the shares in CuxPort GmbH and the shares in DHU Gesellschaft Datenverarbeitung Hamburger Umschlagsbetriebe mbH.

Aggregate financial information about individually not material joint ventures

in € thousand	**2022**	2021
Group share of profit or loss	4,191	3,919
Group share of other comprehensive income	607	148
Group share of comprehensive income	**4,798**	**4,067**

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

The higher level of interests reported compared to the previous year is largely due to the earnings recorded in financial income for the various companies at equity less dividends received; see Note 16.

26. Non-current financial assets

Non-current financial assets

in € thousand	31.12.2022	31.12.2021
Securities	3,460	3,466
Shares in affiliated companies	119	135
Other equity investments	187	187
Other non-current financial assets	15,993	11,896
	19,759	**15,684**

In the reporting year, the securities relating to insolvency insurance for phased early retirement entitlements and working age entitlements were netted out against the corresponding 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 € 2,665 thousand (previous year: € 2,499 thousand); see Note 37. Before offsetting, this results in securities portfolios of € 6,126 thousand (previous year: € 5,965 thousand).

The shares in affiliated companies include shares in companies which are of minor importance in terms of 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 %.

Other non-current financial assets primarily include receivables from graduated rent totalling € 4,795 thousand (previous year: € 4,163 thousand), receivables from relief funds totalling € 2,015 thousand (previous year: € 2,614 thousand) and a convertible loan totalling € 2,000 thousand (previous year: € 0 thousand).

27. Inventories

Inventories

in € thousand	31.12.2022	31.12.2021
Raw materials, consumables and supplies	27,311	24,185
Work in progress	3,969	7,978
Finished products and merchandise	3,246	1,388
	34,526	**33,551**

Impairment losses on inventories recognised as an expense amount to € 1,098 thousand (previous year: € 1,091 thousand). This expense is reported under cost of materials; see Note 12.

28. Trade receivables

Trade receivables

in € thousand	31.12.2022	31.12.2021
	206,127	**188,271**

Trade receivables are receivables from customers that are fulfilled in connection with normal business operations. For the overwhelming majority of customers, they are usually due within 30 days and 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	31.12.2022	31.12.2021
Receivables from HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH (HGV)	75,089	82,500
Receivables from Free and Hanseatic City of Hamburg (FHH)	8,851	412
Receivables from Kombi-Transeuropa Terminal Hamburg GmbH	1,323	1,384
Receivables from HHLA Frucht- und Kühl-Zentrum GmbH	475	597
Receivables from other related parties	1,146	1,247
	86,884	**86,140**

Receivables from HGV include € 75,000 thousand from existing cash clearing (previous year: € 82,500 thousand).

Receivables from FHH essentially comprise receivables arising from a trilateral agreement for carrying out the modification measures necessary to maintain operations at the same level at the O’Swaldkai terminal in the amount of € 8,308 thousand; for more details see Note 48.

30. Current financial assets

Current financial assets

in € thousand	31.12.2022	31.12.2021
Current receivables from employees	1,334	1,438
Current reimbursement claims against insurers	552	419
Other current financial assets	2,474	2,243
	4,360	**4,100**

31. Other non-financial assets

Other non-financial assets

in € thousand	31.12.2022	31.12.2021
Current tax credit	24,049	23,617
Payments on account	4,174	3,750
Credits issued due to contractual arrangements	2,065	2,789
Other	8,926	9,643
	39,214	**39,799**

32. Income tax receivables

Income tax receivables

in € thousand	31.12.2022	31.12.2021
	4,988	**490**

Income tax receivables comprise 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	31.12.2022	31.12.2021
Short-term deposits with a maturity up to 3 months	32,922	2,017
Short-term deposits with a maturity of 4–12 months	20,000	65,000
Bank balances and cash in hand	63,513	88,516
	116,435	**155,533**

Cash, cash equivalents and short-term deposits comprise cash in hand and various bank balances in different currencies.

Cash and short-term deposits of € 264 thousand (previous year: € 4,425 thousand) are subject to foreign exchange outflow restrictions.

As of the balance sheet date, the Group had unused credit facilities amounting to € 171,339 thousand (previous year: € 9,797 thousand) and had met all the conditions for their use. The year-on-year increase resulted from the conclusion of framework credit agreements of € 165,000 thousand, of which € 5,000 thousand has been used to date.

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 2021: € 75,220 thousand), divided into 72,514,938 Class A shares (31 December 2021: 72,514,938 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, corresponding 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 2021: 70.35 %).

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), the Executive Board is authorised, subject to the approval of the Supervisory Board, to increase the company’s share capital until 15 June 2027 by up to € 36,257,469.00 by issuing up to 36,257,469 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 are 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, as in the issuance of 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 10 % of the share capital attributable to class A shares. All class A shares issued, or which could be issued under other authorisations with the exclusion of subscription rights, count towards this 10 % 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 2027 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 are 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 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 collectively referred to 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 Section 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 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 9 June 2026. The authorisation may be used for any legally permissible purpose, except 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.

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 also includes 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 from the translation of financial statements for foreign subsidiaries.

Non-controlling interests

Non-controlling interests comprise outside interests in the Group companies' consolidated equity.

The increase in non-controlling interests during the reporting year was primarily due to the allocation of the current total comprehensive income as well as the deconsolidation 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 safeguard the Group's growth from a financial viewpoint while enabling shareholders to participate in its success to a reasonable degree. 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 %	**31.12.2022**	31.12.2021
Equity in € thousand	873,313	705,227
Total assets in € thousand	2,770,919	2,801,895
	31.5 %	**25.2 %**

The increase in equity is primarily attributable to the annual earnings of € 133,059 thousand in the reporting period and the interest rate-related change of € 107,112 thousand in actuarial gains, including tax effects not recognised in profit or loss. The distribution of dividends in the amount of € 61,871 thousand had an opposing 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, plus 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. Alongside individual agreements, this primarily means the collective company pension agreement (BRTV). As part of the harmonisation of existing pension schemes, the "HHLA capital plan" labour agreement was introduced on 1 January 2018.

The BRTV is a total benefit plan. HHLA guarantees 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 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 offering 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, employees forgo a part of their untaxed income at the time they pay into the scheme in favour of future retirement savings. A total of 27.50 % is added to the contributions paid in as part of the deferred compensation scheme. An annual interest rate of 3.00 % is also 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	31.12.2022	31.12.2021
Present value of pension obligations	336,612	488,966
Obligations from working lifetime accounts	123	334
	336,735	**489,300**

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	2022	2021
Present value of pension obligations as of 1 January	**488,966**	**530,771**
Contributions of HHLA capital plan participants	9,782	9,195
Current service expense	11,925	15,584
Interest expense	4,116	1,169
Pension payments	- 20,420	- 20,123
Actuarial gains (-), losses (+) due to amendments in experience-based assumptions	- 9,257	- 4,629
Actuarial gains (-), losses (+) due to amendments in financial assumptions	- 149,668	- 43,001
Actuarial gains (-), losses (+) due to amendments in demographic assumptions	1,168	0
Present value of pension obligations as of 31 December	**336,612**	**488,966**

Present value of the defined benefit pension obligations split by various groups of beneficiaries

in %	2022	2021
Current employees	37.0	39.8
Former employees	1.4	1.5
Pensioners	61.6	58.7
	100.0	**100.0**

As of 31 December 2022, the weighted average term of the defined benefit obligation was 9.6 and 12.1 years respectively (previous year: 13.1 and 16.9 years respectively).

In addition, reimbursement rights of € 1,676 thousand (previous year: € 2,426 thousand) were concluded to cover the corresponding pension obligations. The expected income from these reimbursement rights amounts to € 19 thousand in the year under review, whereas the actual income amounts to € - 627 thousand. In the 2022 financial year, € 123 thousand was paid out in reimbursement rights.

Pension obligations recognised in the income statement

in € thousand	2022	2021
Current service expense	11,925	15,584
Interest expenses	4,116	1,169
	16,041	**16,753**

Development of actuarial gains / losses from pensions obligations

in € thousand	2022	2021
Actuarial gains (+), losses (-) as of 1 January	**- 89,482**	**- 137,112**
Changes in the financial year due to amendments in experience-based assumptions	9,257	4,629
Changes in the financial year due to amendments in financial assumptions	149,668	43,001
Changes in the financial year due to amendments in demographic assumptions	- 1,168	0
Actuarial gains (+), losses (-) as of 31 December	**68,275**	**- 89,482**

The actuarial losses from the change in demographic assumptions are due to the uniform application of a retirement age of 63 years in the HHLA capital plan.

Key actuarial assumptions to determine the present value of the pension obligations

in %	31.12.2022	31.12.2021
Discount rate (HHLA capital plan)	4.20	1.00
Discount rate (others)	4.10	0.80
Projected salary increase	3.00	2.00
Adjustment of current pensions (excluding BRTV)	2.30	2.00
Adjustment of social security pension according to pension insurance report of the year	2022	2021

Biometric data is drawn from the 2018 G mortality tables compiled by Professor Klaus Heubeck.

Following the change of external expert, a different interest structure curve was used as a basis as of the reporting date.

For valuations based on international financial reporting standards, the interest rate should be calculated in accordance with the maturity of the liability on the basis of high-quality corporate bonds. For this reason, standard setters, auditors and actuaries generally use corporate bonds with AA ratings as high-quality corporate bonds. In the euro area, the assessor Mercer generates a spot rate yield curve based on bonds from the Refinitiv index. As the interest rate should only represent the “time value of money” in accordance with IAS 19.78, which by definition does not incorporate any greater risk of default, only bonds with no interest rate-distorting options are used, as would be the case with call or put options, for example. Bonds that offer much higher or lower interest rates in their risk categorisation compared to the other bonds are not considered either.

In comparison with the interest structure curve used previously, the interest rates were 40 base points higher, which led to both a general reduction in the pension obligation as a result of the increase in the discount rate and a further reduction in pension obligations of approximately € 13 million.

Sensitivity analysis: pension obligations

		Change in parameter		Effect on present value		
		31.12.2022	31.12.2021	in € thousand	**31.12.2022**	31.12.2021
Discount rate	Increase of	0.5 pp	0.5 pp	Decrease of	15,871	30,398
	Decrease of	0.5 pp	0.5 pp	Increase of	17,302	33,757
Payment trend	Increase of	0.5 pp	0.5 pp	Increase of	119	1,382
	Decrease of	0.5 pp	0.5 pp	Decrease of	114	1,363
Adjustment of current pensions (excluding BRTV)	Increase of	0.5 pp	0.5 pp	Increase of	381	650
	Decrease of	0.5 pp	0.5 pp	Decrease of	356	599
Adjustment to social security	Decrease of	20.0 %	20.0 %	Increase of	178	507
Expected mortality	Decrease of	10.0 %	10.0 %	Increase of	8,521	11,352

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 2022 financial year, HHLA made pension payments for plans totalling € 20,420 thousand (previous year: € 20,123 thousand). HHLA anticipates the following payments for pension plans over the next five years:

Expected pension payments

in years in € thousand	
2023	21,721
2024	22,851
2025	23,594
2026	24,780
2027	24,595
	117,541

Obligations from working lifetime accounts

In the 2006 financial year, the affiliated companies in Germany undertook to set up working lifetime accounts in response 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 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 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 relevant disclosures following for reasons of materiality.

Allocation of benefit commitments from working lifetime accounts

in € thousand	**31.12.2022**	31.12.2021
Present value of obligations from working lifetime accounts	198	513
Present value of plan assets from working lifetime accounts (fund shares)	- 75	- 179
Uncovered allocations	**123**	**334**

As of 31 December 2022, the weighted average term of the defined benefit obligation was 3.0 years (previous year: 4.0 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 from these commitments.

The costs incurred in connection with pension funds regarded as defined contribution pension plans amounted to € 2,785 thousand in the reporting year (previous year: € 2,885 thousand).

HHLA paid € 33,729 thousand into the state pension system as its employer's contribution (previous year: € 32,446 thousand).

37. Other non-current and current provisions

Other non-current and current provisions

	Non-current provisions		Current provisions		Total	
in € thousand	**31.12.2022**	31.12.2021	**31.12.2022**	31.12.2021	**31.12.2022**	31.12.2021
Demolition obligations	86,196	82,724	0	0	86,196	82,724
Restructuring reserve	45,963	55,287	9,970	9,873	55,934	65,160
Bonuses and single payments	1,373	3,073	10,555	9,768	11,928	12,841
Insurance excesses	0	0	3,972	4,906	3,972	4,906
Anniversaries	2,730	3,321	133	221	2,863	3,542
Legal fees and litigation expenses	0	0	645	620	645	620
Phased early retirement	118	167	57	71	175	238
Other	15,376	15,077	4,180	2,611	19,555	17,688
	151,756	**159,649**	**29,512**	**28,070**	**181,268**	**187,719**

Demolition obligations

The demolition obligations relate to HHLA's Container, Logistics and Real Estate segments and are discounted at a rate of 4.0 % p. a. (previous year: 2.0 % p. a.). In the reporting year, an anticipated price increase of 2.8 % (previous year: 2.0 %) was used to calculate the provisions shown. This rate is derived from the German construction cost index. The effects of these changes are shown under additions. The outflow of these resources is expected over the period 2025–2045.

Restructuring

The provisions for restructuring relate to reorganising the Logistics segment and organisational restructuring in the Container segment. Based on the degree of implementation as of the balance sheet date, HHLA conducted a new assessment of this provision for the organisational restructuring in the Container segment. As a result of this new assessment, the provision amount decreased by around € 7 million compared with the assumptions as of 31 December 2021. There was also a reduction of around € 9 million due to changes in the discount rate being used. The securities holdings acquired in connection with this are classified as plan assets under IAS 19 (revised 2011). They were thus netted out against the obligations contained in the provision amount. The corresponding figure of € 1,886 thousand (previous year: € 1,721 thousand) therefore reduces the provisions reported; see Note 26. A discount rate of 3.7 % p. a. (previous year: 0.1 to - 0.1 % p. a.) was used for the calculation. The outflow of funds will take place between 2023 and 2031.

Bonuses and single payments

Current provisions for bonuses and single 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 2023 financial year.

Non-current provisions for bonuses and single payments include stock appreciation rights granted to the management of a subsidiary. The management participates in the long-term development of the company on a percentage basis, within a range of 0.5 % to 1.0 % where a certain threshold value is exceeded. The threshold value is the enterprise value at the time of the commitment. Stock appreciation rights are granted by means of cash settlement. 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. The company's performance and the threshold value are used to determine the fair value of these stock appreciation rights, taking into account 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. HHLA assumes a term until 2030.

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 exceed the existing insurance cover. The funds will become payable in the 2023 financial year.

Anniversaries

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 4.1 % p. a. (previous year: 0.8 % p. a.) was used for the calculation. The outflow of these resources is expected to take place over the period 2023–2062.

Legal fees and litigation expenses

Provisions for legal fees and litigation expenses mainly consist of obligations arising from provisions for legal risks associated with pending proceedings. The outflow of these resources is expected in the 2023 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 thus netted out against the phased early retirement obligations contained in the provision amount. The corresponding figure of € 202 thousand (previous year: € 116 thousand) therefore reduces the provisions reported; see Note 26. In addition, 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 3.6 % p. a. (previous year: - 0.1 % p. a.). The outflow of these resources is expected over the period 2023–2026.

Other

Other provisions largely relate to obligations arising from individual contractual agreements with members of staff. The securities holdings acquired in connection with this are classified as plan assets under IAS 19 (revised 2011). They were thus netted out against the obligations contained in the provision amount. The corresponding figure of € 502 thousand (previous year: € 662 thousand) therefore reduces the provisions reported; see Note 26. The main outflow of funds will take place over the period 2023–2028.

Development of other non-current and current provisions

in € thousand	01.01.2022	Additions	Changes in scope of consolidation	Accured interest	Used	Reversed	Effects of changes in exchange rates	31.12.2022
Demolition obligations	82,724	3,472		1,849	1,254	594		86,196
Restructuring reserve	65,160	4,103		- 66	3,072	10,191		55,934
Bonuses and single payments	12,841	10,483	- 40		9,220	2,136		11,928
Insurance excesses	4,906	1,754			2,637	51		3,972
Anniversaries	3,542	366		27	1,072			2,863
Legal fees and litigation expenses	620	25						645
Phased early retirement	238	117			181			175
Other	17,688	7,042	- 204	- 6	4,847	118		19,555
	187,719	**27,362**	**- 244**	**1,804**	**22,283**	**13,090**	**0**	**181,268**

38. Non-current and current financial liabilities

Non-current and current financial liabilities as of 31 December 2022

in € thousand	Maturity up to 1 year	Maturity 1 to 5 years	Maturity over 5 years	Total
Liabilities from bank loans	33,798	134,960	186,029	354,787
Lease liabilities	20,184	60,115	204,300	284,599
Other loans	0	3,065	13,000	16,065
Liabilities towards employees	10,820	0	0	10,820
Other non-current and current financial liabilities	16,632	21,705	158	38,495
	81,434	**219,845**	**403,487**	**704,766**

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**

Amounts due to banks include interest of € 73 thousand accrued up to the balance sheet date (previous year: € 694 thousand); these are almost entirely in euros. The proportion of these liabilities with fixed interest lending conditions is € 307,702; the proportion with variable lending conditions is € 47,012.

Maturity of bank loans

in € thousand	
Up to 1 year	33,030
1 year to 2 years	18,988
2 years to 3 years	51,581
3 years to 4 years	34,862
4 years to 5 years	29,949
Over 5 years	186,304
	354,714

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 repayment of the loan. To prevent such steps, HHLA continually monitors compliance with the covenants and, where required, implements measures to ensure all conditions of the loan are met. As of the balance sheet date, the corresponding borrowings totalled € 138,706 thousand (previous year: € 85,001 thousand).

The liabilities from leases represent the discounted value of future payments for non-current assets. For more information, please refer to Note 45.

The previous year's figure for liabilities arising from financial settlements included liabilities to non-controlling shareholders in consolidated subsidiaries resulting from a profit and loss transfer agreement in place as of 31 December 2021. An entitlement to receive financial settlements was agreed with the non-controlling shareholder. The parameters used to calculate this amount were subject to significant uncertainties which caused figures to fluctuate accordingly. The resulting adjustment amount was recognised in the previous year through profit and loss in the financial result; see Note 16.

Other loans comprise loans of € 6,565 thousand (previous year: € 6,831 thousand) granted to non-controlling shareholders as well as promissory note loans of € 9,500 thousand (previous year: € 9,500 thousand) issued to other creditors.

Liabilities towards employees primarily consist of wages and salaries.

Other non-current and current financial liabilities include a potential obligation of € 20,970 thousand (previous year: € 20,870 thousand) arising from a put option associated with the first-time consolidation of HHLA PLT Italy S.r.l., Trieste, Italy, in the previous year.

Buildings, land, surfacing and movable non-current assets with a carrying amount of € 58,051 thousand (previous year: € 76,561 thousand) have been pledged as collateral for interest-bearing loans. The collateral agreements provide for assets to be transferred to the banks until the loans and interest have been repaid in full; they also give these banks a right to dispose of the assets if the borrower is in arrears with payments of interest and principal.

Financial liabilities for which fair value is not equivalent to the carrying amount

	Carrying amount		Fair value	
in € thousand	**31.12.2022**	31.12.2021	**31.12.2022**	31.12.2021
Fixed-interest bearing loans	**307,702**	**285,874**	**269,323**	**285,358**

Interest rates adequate to the risk and terms were used to measure the fair value of fixed interest-bearing loans. These are based on the risk-free rate depending on maturity plus a premium according to the credit rating and maturity.

For more details of the liquidity risk, please refer to Note 47.

39. Trade liabilities

Trade liabilities

in € thousand	**31.12.2022**	31.12.2021
	111,789	**107,936**

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 2022

in € thousand	Maturity up to 1 year	Maturity 1 to 5 years	Maturity over 5 years	**Total**
Liabilities from leases to HPA	25,120	102,772	319,503	447,395
Liabilities from leases to the „Stadt und Hafen“ special fund of the Free and Hanseatic City of Hamburg	211	320	0	531
Liabilities from leases to FEG Fischereihafenentwicklungs-gesellschaft mbH & Co. KG	957	3,973	1,031	5,961
Liabilities from leases to Landesbetrieb Immobilienmanagement und Grundvermögen	1,113	3,482	276	4,871
Liabilities from leases to related parties	**27,401**	**110,547**	**320,810**	**458,758**
Other liabilities to HHLA Frucht- und Kühl-Zentrum GmbH	10,848	0	0	10,848
Other liabilities to HPA	5,155	0	0	5,155
Other liabilities to Ulrich Stein GmbH	1,177	0	0	1,177
Other liabilities to Kombi-Transeuropa Terminal Hamburg GmbH	2,428	0	0	2,428
Other liabilities to other related parties	2,979	0	0	2,979
Other liabilities to related parties	**22,587**	**0**	**0**	**22,587**
	49,988	**110,547**	**320,810**	**481,345**

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 Fischereihafenentwicklungs-gesellschaft 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**

The decline in recognised lease liabilities is primarily due to the planned redemption of lease liabilities and the expiry of lease terms. 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	**31.12.2022**	31.12.2021
Liabilities to employees	19,220	17,720
Tax liabilities	11,047	11,605
Advance payments received for orders	7,008	8,229
Employers’ liability insurance premiums	5,589	5,300
Social security payables	3,334	2,802
Port workers’ welfare fund (Hafenfonds)	1,276	1,277
Other	3,746	2,304
	51,220	**49,237**

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	31.12.2022	31.12.2021
	1,794	13,508

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, which indicates the cash resources available for dividend distribution or the redemption of existing loans. The free cash flow increased year-on-year by € 38,239 thousand to € 126,740 thousand. Significant changes resulted from both cash flow from operating activities and cash flow from investing activities. The fall in cash flow from operating activities was mainly due to a year-on-year change in provisions, higher income tax payments and a year-on-year decrease in the operating result (EBIT). The cash outflow from investing activities was also lower than the figure for the previous year. This decline was mainly the result of payments received for short-term deposits (previous year: payments made).

Change in liabilities from financing activities

The balance of the proceeds from the issuance of bonds and the drawdown of (financial) loans, as well as the balance of payments for the repayment 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 repayment of (financial) loans in the amount of € 50,022 thousand (previous year: € 24,298 thousand). The drawdown of (financial) loans produced proceeds of € 67,290 thousand (previous year: € 34,041 thousand). This change in the liabilities from financing activities is reflected in the increase in liabilities to banks in the amount of € 20,219 thousand (previous year: € 39,468 thousand) and the decrease in liabilities from other loans in the amount of € 3,851 thousand (previous year: increase of € 4,260 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	**31.12.2022**	31.12.2021
Short-term deposits with a maturity up to 3 months	32,922	2,017
Short-term deposits with a maturity of 4–12 months	20,000	65,000
Bank balances and cash in hand	63,513	88,516
Cash, cash equivalents and short-term deposits	**116,435**	**155,533**
Receivables from HGV	75,089	82,500
Overdrafts	- 8	- 16
Short-term deposits with a maturity of 4–12 months	- 20,000	- 65,000
Financial funds at the end of the period	**171,516**	**173,016**

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 of EBIT (earnings before interest and taxes), which serves to measure success in each segment and therefore aids internal control.

The accounting and valuation principles applied to 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 primarily consist 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 the 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 – and increasingly continental – 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 as well as 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 in process automation, digital and airborne logistics services and other services, particularly for the intermodal field, round off the range.

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 include services such as the development, letting and management of properties. These properties include real estate in the Speicherstadt historical warehouse district and on the northern banks of the river Elbe (fishmarket 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 under IFRS 8. However, it has been allocated to the segments within the Port Logistics subgroup in order to provide a complete and clear picture.

The structure of the Group makes it 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 reconciliation of 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 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	2022	2021
Total segment earnings (EBIT)	**219,090**	**226,190**
Elimination of business relations between segments and subgroups	1,314	1,986
Group earnings (EBIT)	**220,403**	**228,175**
Earnings from associates accounted for using the equity method	4,853	4,350
Net interest	- 31,065	- 40,814
Other financial result	- 1	- 95
Earnings before tax (EBT)	**194,190**	**191,617**

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 not assigned to segment assets.

Reconciliation of the segment assets with Group assets

in € thousand	31.12.2022	31.12.2021
Segment assets	**2,594,518**	**2,628,439**
Elimination of business relations between segments and subgroups	- 771,189	- 819,604
Current assets before consolidation	733,125	691,453
Financial assets	18,977	17,702
Deferred tax assets	74,065	127,882
Tax receivables	4,988	490
Cash, cash equivalents and short-term deposits	116,435	155,533
Group assets	**2,770,919**	**2,801,895**

Other segment information

The reconciliation to Group investments totalling € - 926 thousand (previous year: € - 162 thousand) eliminates the internal invoices for services to generate intangible assets between segments.

In relation to the reconciliation of depreciation and amortisation amounting to € - 1,967 thousand (previous year: € - 2,110 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 € 172 thousand (previous year: € - 68 thousand).

Information on 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	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Segment income	961,253	916,303	605,283	513,192	11,815	35,927	1,578,351	1,465,422	0	0	1,578,351	1,465,422
Non-current segment assets	1,274,816	1,269,188	866,983	824,899	43,544	54,793	2,185,343	2,148,880	585,576	653,015	2,770,919	2,801,895
Investments in non-current segment assets	117,120	129,829	82,403	98,297	3,616	3,475	203,139	231,601	0	0	203,139	231,601

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 on key clients

Revenue of € 276,062 thousand (previous year: € 249,891 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 on leases within the HHLA Group, please see Note 6, Note 12, Note 14, Note 16, Note 23, Note 38 and Note 40.

Basic recognition of leases

Pursuant to IFRS 16, all leases must 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 and technical facilities as well as 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 Hamburg Port Authority (HPA), the owner of the port areas which is also a related party; see Note 48. While the fixed lease initially runs until 2036, 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 currently regards the risk of a conflict with EU law as very low. In both the reporting year and the previous year, adjustments were made to lease obligations for mega-ship berths as a result of the contractually agreed change in refinancing interest rates.

Agreements exist between the Free and Hanseatic City of Hamburg and/or HPA and the HHLA Group regarding the lease of land and quay walls in the Port of Hamburg and 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, 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 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 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, leased areas may not be re-let 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 any future inflation. The company will not have purchase options at the end of the lease agreements. The respective lease agreements have remaining terms of between four and 32 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 one 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 items of movable property. 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 include renewal options. The lessee accepts 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. for terms of between one and three years. These lease agreements are either short term and/or 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 € thousand	**2022**	2021
Cost of materials and other operating expenses		
Expenses from non-current leases	16,011	12,119
Expenses from leases for low-value assets	1,035	848
Expenses from variable lease payments	783	422
Amortisation and depreciation		
Amortisation and depreciation of rights of use	50,264	50,035
Financial result		
Interest expenses from leasing liabilities	19,970	22,397

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	31.12.2022	31.12.2021
Future variable lease payments	10,803	9,436
Extension and termination options	0	761
Residual value guarantees	21	21
Leases not yet begun	3,090	2,194
	13,914	**12,412**

Leases as a lessor

The Group has signed lease agreements for letting its investment properties on a commercial basis; see Note 24. HHLA categorises 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 one commercial property not used by the Group. These leases have remaining non-cancellable lease terms of between one and 12 years. At the end of the non-cancellable 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 € 66,021 thousand (previous year: € 61,122 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. It shows the undiscounted lease payments to be received at the end of the reporting period.

Due dates of receivables from operating leases

in € thousand	31.12.2022	31.12.2021
Up to 1 year	38,215	42,348
1 year to 2 years	33,638	28,537
2 years to 3 years	28,895	24,524
3 years to 4 years	24,589	21,546
4 years to 5 years	17,194	19,218
Over 5 years	27,404	44,701
	169,935	**180,874**

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	31.12.2022	31.12.2021
Guarantees	29,249	31,034
Comfort letters	0	0
	29,249	**31,034**

Within a one-year period from 31 December 2022, HHLA can make use of existing guarantees up to a maximum amount of € 58,299 thousand.

The following other financial obligations existed on the reporting date:

Other financial obligations

in € thousand	31.12.2022	31.12.2021
Outstanding purchase commitments	224,987	167,911
Other	14,244	19,657
	239,231	**187,568**

Of the obligations from outstanding purchase commitments, € 155,627 thousand (previous year: € 122,704 thousand) is attributable to investments in property, plant and equipment and € 3,830 thousand (previous year: € 3,074 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 and lease and hire-purchase agreements as well as cash and short-term deposits. The Group has access to various other financial assets and liabilities, including trade payables and receivables arising 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 principally stemming 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.

Forward interest rate swaps were used in the reporting period to hedge the interest rate level for the planned drawdown of fixed-interest loans to finance investments. These hedging transactions were designated in hedge accounting according to IFRS 9. The hedging rate is

100 % as the full amount of the hedging transactions serves to hedge the underlying transactions at the same amount. The default risk does not have a dominant influence on changes in value. There are no expected ineffectivities. The changes in the market value of hedging transactions were recognised directly and in full in other comprehensive income. With the fixing of conditions in the corresponding loans in 2022, the interest rate swaps were terminated by financial settlement.

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, 86.7 % (previous year: 85.5 %) of the Group’s borrowing was at fixed interest rates.

Since the fixed-interest financial instruments are not held at fair value, they are 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 as well as 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 € 235 thousand p. a. higher (previous year: € 243 thousand p. a.) and interest income from overnight deposits and time deposit investments would have been up to € 953 thousand p. a. higher (previous year: € 1,195 thousand p. a.).

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 required by a market analysis. 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 € 40,500 thousand (previous year: € 32,000 thousand) and maturities of up to 18 months. As of 31 December 2022, the market value was € 2,228 thousand (previous year: € 625 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 transactions are not included in hedge accounting in accordance with 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 2021.

In addition to the market risks mentioned, there are 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, credit-worthy 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, with impairment allowances made if risks are identified. Therefore, 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. 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 2022 and the corresponding historic defaults in this period. HHLA also factors anticipated changes to the economic environment into its calculations of these losses given default. HHLA also believes that the portfolio of older trade receivables, which increased year-on-year as of 31 December 2022, 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 the balance sheet date and as of 31 December 2021:

Determination of impairment on trade receivables as of 31 December 2022

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	143,210	53,745	5,836	2,810	1,829	2,728	210,158
Expected losses	0.21 %	0.77 %	9.97 %	19.54 %	33.79 %	57.51 %	
Impairment of the reporting year	299	414	582	549	618	1,569	4,031
Trade receivables after impairment							**206,127**

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**

Impairments on trade receivables showed the following trends:

Development of the valuation allowances on trade receivables

in € thousand	**2022**	2021
Valuation allowances as of 1 January	**3,017**	**3,309**
Additions (valuation allowances recognised as expenses)	2,021	1,782
Used	- 36	- 325
Reversals	- 971	- 1,749
Valuation allowances as of 31 December	**4,031**	**3,017**

Trade receivables are derecognised when a reasonable assessment indicates that there is no prospect of them being realised. The indicators pointing 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 and 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 may be considered very low since as a rule, the Group only conducts derivative financial transactions and liquid investments with counterparties with good and regularly reviewed 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 through medium-term liquidity planning, diversifying the maturities of loans and leases, and through existing lines of credit and funding commitments. If covenants have been agreed for individual loans, they are continually monitored to ensure compliance. 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	**31.12.2022**	31.12.2021	**31.12.2022**	31.12.2021	**31.12.2022**	31.12.2021	**31.12.2022**	31.12.2021
Outflow of liquidity for future interest payments on fixed-interest loans	4,700	4,375	15,314	14,466	7,926	9,324	27,940	28,165
Outflow of liquidity for future interest payments on floating-rate loans	1,562	1,075	4,684	3,412	4,677	4,082	10,923	8,569
For liabilities from leases	21,626	18,878	70,555	66,178	190,143	179,111	282,324	264,167
	27,888	**24,328**	**90,553**	**84,056**	**202,746**	**192,517**	**321,187**	**300,901**

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 2022

in € thousand	Carrying amount: Amortised cost	Carrying amount: Fair value through profit or loss	Carrying amount: Fair value through other compre-hensive income	Balance sheet value	Fair value: Level 1	Fair value: Level 2	Fair value: Level 3	Fair value: Total
Financial assets measured at fair value								
Financial assets		5,191	3,766	8,957	3,766	5,191		8,957
	0	**5,191**	**3,766**	**8,957**				
Financial assets not measured at fair value								
Financial assets	15,162			15,162				
Trade receivables	206,127			206,127				
Receivables from related parties	86,884			86,884				
Cash, cash equivalents and short-term deposits	116,435			116,435				
	424,608	**0**	**0**	**424,608**				

Financial liabilities as of 31 December 2022

in € thousand	Carrying amount: Amortised cost	Carrying amount: Fair value through profit or loss	Balance sheet value	Fair value: Level 1	Fair value: Level 2	Fair value: Level 3	Fair value: Total
Financial liabilities measured at fair value							
Financial liabilities			0				
	0	**0**	**0**				
Financial liabilities not measured at fair value							
Financial liabilities	**704,766**		**704,766**				
Liabilities from bank loans	354,787		354,787		316,408		316,408
Liabilities from leases	284,598		284,598				
Liabilities from Settlement obligation, current	0		0				
Other financial liabilities, non-current	37,928		37,928		37,928		37,928
Other financial liabilities, current	27,453		27,453				
Trade liabilities	**111,789**		**111,789**				
Liabilities to related parties	**481,345**		**481,345**				
Liabilities from leases	458,758		458,758				
Other Liabilities to related parties	22,587		22,587				
	1,297,900	**0**	**1,297,900**				

Financial assets as of 31 December 2021

in € thousand	Carrying amount				Fair value			
	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		1,151	3,788	4,939	3,788	1,151		4,939
	0	**1,151**	**3,788**	**4,939**				
Financial assets not measured at fair value								
Financial assets	14,845			14,845				
Trade receivables	224,039			224,039				
Receivables from related parties	73,997			73,997				
Cash, cash equivalents and short-term deposits	130,625			130,625				
	443,506	**0**	**0**	**443,506**				

Financial liabilities as of 31 December 2021

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		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, 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	**131,108**		**131,108**				
Liabilities to related parties	**501,119**		**501,119**				
Liabilities from leases	482,280		482,280				
Other Liabilities to related parties	18,839		18,839				
	1,355,251	**0**	**1,355,251**				

Where no material differences between the carrying amounts and fair values of the financial instruments are 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 € 2,228 thousand (previous year: € 625 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 along with 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

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), 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 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	**2022**	2021	**2022**	2021	**31.12.2022**	31.12.2021	**31.12.2022**	31.12.2021
Companies with control over the Group	262	5	821	873	83,940	82,911	0	0
Non-consolidated subsidiaries	22	13	470	543	4	19	285	312
Joint ventures	21,004	21,791	14,314	16,675	1,946	2,111	15,464	12,010
Associated companies	410	520	4	4	3	4	87	77
Other transactions with related parties	9,781	8,870	10,734	9,354	991	1,095	465,509	488,720
	31,479	**31,199**	**26,343**	**27,449**	**86,884**	**86,140**	**481,345**	**501,119**

The receivables from companies with a controlling interest in the Group 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. until August and at a reference interest rate of €STR + 0.20 % p. a. from September (previous year: 0.00 % p. a.) in the reporting period.

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 the 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 FHH 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 € 60,000 thousand (previous year: € 103,000 thousand), of which € 30,000 thousand was outstanding on the balance sheet date (previous year: € 34,661 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 do not attract interest (with the exception of overnight funds in clearing).

On 28 December 2020, HHLA concluded two agreements related to spaces leased by HHLA from HPA in the O'Swaldkai terminal. These were 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 both 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 to 2049. In the 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 € 96.6 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 € 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 the previous year.

List of HHLA's shareholdings by business sector as of 31 December 2022

Name and headquarters of the company	Share of capital held directly in %	Share of capital held indirectly in %
Port Logistics subgroup		
Container segment		
HHLA Container Terminal Burchardkai GmbH, Hamburg[1, 4b, 5]	100.0	
Service Center Burchardkai GmbH, Hamburg[1, 4c, 5]		100.0
HCCR Hamburger Container- und Chassis-Reparatur-Gesellschaft mbH, Hamburg[1, 4b, 5]	100.0	
HHLA Container Terminal Tollerort GmbH, Hamburg[1, 4b, 5]	100.0	
HHLA Rosshafen Terminal GmbH, Hamburg[1, 4a, 5]		100.0
HHLA International GmbH, Hamburg[1, 4b, 5]	100.0	
HHLA TK Estonia AS, Tallinn/Estland[1]		100.0
HHLA PLT Italy S.r.l., Triest/Italien[1]		50.01
SC Container Terminal Odessa, Odessa/Ukraine[1]		100.0
HHLA Container Terminal Altenwerder GmbH, Hamburg[1]	74.9	
SCA Service Center Altenwerder GmbH, Hamburg[1, 5]		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	
Intermodal segment		
CTD Container-Transport-Dienst GmbH, Hamburg[1, 4c, 5]	100.0	
HHLA Project Logistics LLC, Poti/Georgien[1]		75.0
TOO “HHLA Project Logistics Kazakhstan”, Almaty/Kasachstan[1, 3]		100.0
LLC „HHLA Intermodal Ukraine“, Odessa/Ukraine[1]		100.0
LLC „Ukrainian Intermodal Company“, Odessa/Ukraine[1]		100.0
METRANS a.s., Prag/Tschechien[1]	100.0	
METRANS Adria D.O.O., Koper/Slowenien[1]		100.0
METRANS (Danubia) a.s., Dunajská Streda/Slowakei[1]		100.0
METRANS (Danubia) Kft., Győr/Ungarn[1]		100.0
METRANS Danubia Krems GmbH, Krems an der Donau/Österreich[1]		100.0
METRANS D.O.O., Rijeka/Kroatien[1, 3]		100.0
METRANS DYKO Rail Repair Shop s.r.o., Prag/Tschechien[1]		100.0
METRANS İSTANBUL STI, Istanbul/Türkei[1]		100.0
METRANS Konténer Kft., Budapest/Ungarn[1]		100.0
METRANS (Polonia) Sp.z o.o, Warschau/Polen[1]		100.0
METRANS Rail s.r.o., Prag/Tschechien[1]		100.0
METRANS Rail (Deutschland) GmbH, Leipzig[1]		100.0
METRANS Rail sp. z o.o., Gadki/Polen[1, 3]		100.0
METRANS Rail Slovakia s.r.o., Dunajská Streda/Slowakei[1, 3]		100.0
METRANS Railprofi Austria GmbH, Krems an der Donau/Österreich[1]		100.0
METRANS Szeged Kft., Budapest/Ungarn[1]		100.0
METRANS Umschlagsgesellschaft mbH, Hamburg[1]		100.0
METRANS Zalaegerszeg Kft., Budapest/Ungarn[1]		100.0
CL EUROPORT Sp. z o.o., Malaszewicze/Polen[1]		100.0
CL EUROPORT s.r.o., Plzen/Tschechien[1]		100.0
TIP Žilina, s.r.o., Dunajská Streda/Slowakei[1]		100.0
Umschlagsgesellschaft Königs Wusterhausen mbH, Königs Wusterhausen[1, 3]		50.0

Name and headquarters of the company	Share of capital held directly in %	Share of capital held indirectly in %
UniverTrans Kft., Budapest/Ungarn[1]		100.0
IPN Inland Port Network Verwaltungsgesellschaft mbH, Hamburg[3]	50.0	
IPN Inland Port Network GmbH & Co. KG, Hamburg[3]	50.0	
Logistics segment		
HHLA Next GmbH, Hamburg[1]	100.0	
HHLA Digital Next GmbH, Hamburg[1]		100.0
HHLA Sky GmbH, Hamburg[1]		100.0
Third Element Aviation GmbH, Bielefeld[2]		29.7
modility GmbH, Hamburg[1]		100.0
iSAM AG, Mülheim an der Ruhr[1]		80.0
iSAM Asia Pacific Pty Ltd, Paddington, Queensland/Australien[1]		80.0
iSAM Automation Canada Corp., Port Moody, British Columbia/Kanada[1]		80.0
iSAM Automation Switzerland AG, Freienbach/Schweiz[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
Spherie GmbH (vormals: Spherie UG (haftungsbeschränkt)), Hamburg[2]		22.7
CERP Solution a.s., Prag/Tschechien[1]	100.0	
HPC Hamburg Port Consulting GmbH, Hamburg[1, 4a, 5]	100.0	
omoqo GmbH, Hamburg[1]		100.0
Bionic Production GmbH, Lüneburg[6]	85.0	
UNIKAI Lagerei- und Speditionsgesellschaft mbH, Hamburg, Hamburg[1]	51.0	
ARS-UNIKAI GmbH, Hamburg[2]		25.5
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	
Holding/other		
GHL Zweite Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung mbH, Hamburg[1, 4c, 5]	100.0	
HHLA-Personal-Service GmbH, Hamburg[1, 4b, 5]	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.
5 Profit and loss transfer agreements existed with these companies in 2022.
6 Deconsolidation in the 2022 financial year.

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 2022 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 Boards

Remuneration for active members of the Executive and Supervisory Boards

	Executive Board		Supervisory Board	
in € thousand	**2022**	2021	**2022**	2021
Short-term remuneration	3,252	3,200	328	309
of which is non-perfomance-related	1,653	1,625	-	-
of which is perfomance-related	1,599	1,575	-	-
Benefits due after termination of the contract	1,437	1,586	-	-
	4,689	**4,786**	**328**	**309**

The performance-related portion of the Executive Board's remuneration had not been paid as of the balance sheet date.

In the 2022 financial year, the short-term benefits payable to the Supervisory Board totalled € 328 thousand (previous year: € 309 thousand). Of this, fixed basic salaries accounted for € 200 thousand (previous year: € 196 thousand), remuneration for committee work made up € 75 thousand (previous year: € 78 thousand) and meeting fees amounted to € 53 thousand (previous year: € 35 thousand).

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 € 6,705 thousand (previous year: € 12,735 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	**31.12.2022**	31.12.2021
Angela Titzrath	4,278	4,479
Dr. Roland Lappin	5,724	5,704
	10,002	**10,183**

Former members of the Executive Board

Benefits totalling € 1,162 thousand (previous year: € 1,157 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 € 21,732 thousand (previous year: € 27,563 thousand).

49. Board members and 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]
- HDI V. a. G.
- HHLA Digital Next GmbH[2] (Chair)
- 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., Prag[2], (Chair)
- modility GmbH[2] (Chair)
- Talanx AG, Hanover[3]
- Ulrich Stein GmbH[2] (Chair)
- UNIKAI Lagerei- und Speditionsgesellschaft mbH[2] (Chair)

TANJA DREILICH
Member of the Executive Board (from 01.02.2023)

Fully qualified business administration manager, International Executive Master of Business Administration, Vienna

First appointed: 2023
Current appointment: until 31.12.2025

Other mandates[1]

- Fischmarkt Hamburg-Altona GmbH[2] (since 20.02.2023)
- GHL Zweite Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung mbH[2] (Chair) (since 20.02.2023)
- Hansaport Hafenbetriebsgesellschaft mbH[4] (since 20.02.2023)
- HHLA Frucht- und Kühl-Zentrum GmbH[2] (since 20.02.2023)
- HHLA Immobilien Speicherstadt GmbH[2] (Chair) (since 20.02.2023)
- HHLA International GmbH[2] (since 20.02.2023)
- HHLA Rosshafen Terminal GmbH[2] (Chair) (since 20.02.2023)
- IPN Inland Port Network GmbH & Co. KG[4] (since 20.02.2023)
- IPN Inland Port Network Verwaltungsgesellschaft mbH[4] (since 20.02.2023)
- METRANS a.s., Prague[2] (since 01.02.2023)
- Ulrich Stein GmbH[2] (since 20.02.2023)
- UNIKAI Lagerei- und Speditionsgesellschaft mbH[2] (since 20.02.2023)
- Wieland-Werke AG, Ulm (since 27.01.2023)

JENS HANSEN
Member of the Executive Board

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)
- SCA Service Center Altenwerder GmbH[2] (Chair)
- Service Center Burchardkai GmbH[2] (Chair)

DR. ROLAND LAPPIN
Member of the Executive Board (until 31.01.2023)

Fully qualified industrial engineer, Hamburg

First appointed: 2003
Current appointment: until 31.01.2023

Other mandates[1]

- Fischmarkt Hamburg-Altona GmbH[2] (Chair) (until 31.01.2023)
- GHL Zweite Gesellschaft für Hafen- und Lagereiimmobilien-Verwaltung mbH[2] (Chair) (until 31.01.2023)
- Hansaport Hafenbetriebsgesellschaft mbH[4] (until 31.01.2023)
- HHLA Frucht- und Kühl-Zentrum GmbH[2] (until 31.01.2023)
- HHLA Immobilien Speicherstadt GmbH[2] (Chair) (until 31.01.2023)
- HHLA International GmbH[2] (until 31.01.2023)
- HHLA Rosshafen Terminal GmbH[2] (Chair) (until 31.01.2023)
- IPN Inland Port Network GmbH & Co. KG[4] (until 31.01.2023)
- IPN Inland Port Network Verwaltungsgesellschaft mbH[4] (until 31.01.2023)
- METRANS a.s., Prague[2] (until 31.01.2023)
- Ulrich Stein GmbH[2] (until 31.01.2023)
- UNIKAI Lagerei- und Speditionsgesellschaft mbH[2] (until 31.01.2023)

TORBEN SEEBOLD
Member of the Executive Board

Fully qualified lawyer, Hamburg

First appointed: 2019
Current appointment: until 31.03.2027

Other mandates[1]

- Berliner Hafen- und Lagerhausgesellschaft mbH (since 20.06.2022)
- Gesamthafenbetriebs-Gesellschaft mbH, Hamburg (Chair)
- HHLA-Personal-Service GmbH[2] (Chair)
- Verwaltungsausschuss für den Hafenfonds der Gesamthafen betriebs-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]

- Alstom Transportation Deutschland GmbH, Berlin (Chair) (formerly, until November 2022, Bombardier Transportation (Bahntechnologie) Holding Germany GmbH, Berlin, and Bombardier Transportation GmbH, Berlin)
- Deufol SE, Hofheim am Taunus
- Meta Wolf AG, Kranichfeld (since 01.10.2022)
- 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]

ALEXANDER GRANT
IT specialist, Welle

IT application developer

Supervisory Board member since: July 2022

Other mandates[1]

- None

HOLGER HEINZEL
Fully qualified business administration manager, Seevetal

Director of Finance and Management Control, HHLA

Supervisory Board member since: July 2022

Other mandates[1]

- HHLA Container Terminal Altenwerder GmbH, Hamburg
- HHLA Container Terminal Burchardkai GmbH, Hamburg
- HCCR Hamburger Container- und Chassis-Reparatur Gesellschaft mbH, Hamburg
- HHLA Container Terminal Tollerort GmbH, Hamburg
- HHLA Digital Next GmbH, Hamburg
- HHLA Next GmbH, Hamburg
- SCA Service Center Altenwerder GmbH, Hamburg
- Service Center Burchardkai GmbH, Hamburg
- Member of the Management Committee for the port workers' welfare fund of GHB (Gesamthafen-Betriebsgesellschaft mbH)
- Member of the representative committee of Hafen Hamburg Marketing e.V.

DR. NORBERT KLOPPENBURG
Fully qualified agricultural engineer, Hamburg

International investment and financing consultant

Supervisory Board member since: June 2012

Other mandates[1]

- Voith GmbH & Co. KGaA, Heidenheim

STEFAN KOOP
M. Sc. Economist (MA), Hamburg

Group Works Council Officer of HHLA

Supervisory Board member since: July 2022

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]
- 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[5]

FRANZISKA REISENER
Port specialist, Tiste

Quayside employee, member of the joint works council of HHLA

Supervisory Board member since: July 2022

Other mandates[1]
- None

ANDREAS RIECKHOF
MA in history, political science and social/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] (Chair)
- 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] (until 21.09.2022)
- M.M. Warburg & Co. KGaA, Hamburg

SUSANA PEREIRA VENTURA
Journalist, Berlin

Head of the Contract Office of the ITF Low-Cost Carrier Campaign, Maritime Economy group, ver.di Bund

Supervisory Board member since: October 2022

Other mandates[1]
- None

Members who departed in 2022

THOMAS LÜTJE
Shipping agent, Jork

Director of Sales at Hamburger Hafen und Logistik AG

Supervisory Board member since: June 2017
Departed on: 25.07.2022

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
Departed on: 25.07.2022

Other mandates[1]
- None

NORBERT PAULSEN
Fully qualified engineer, Hamburg

Technical employee of Hamburger Hafen und Logistik AG

Supervisory Board member since: June 2012
Departed on: 25.07.2022

Other mandates[1]
- HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement 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
Departed on: 25.07.2022

Other mandates[1]
- None

MAYA SCHWIEGERSHAUSEN-GÜTH
MA in political science, sociology and economic/social history, Berlin

Head of the Maritime Economy group, ver.di Bund

Supervisory Board member since: June 2017
Departed on: 30.09.2022

Other mandates[1]
- Hapag-Lloyd AG, Hamburg[3, 6]

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

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

3 Listed

4 HHLA holds a non-controlling 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 non-controlling interest. Registered office in Hamburg unless otherwise stated

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 or the applicable version of the Code dated 28 April 2022. The Executive Board and Supervisory Board discussed matters of corporate governance in 2022. On 12 December 2022, the Boards issued the 2022 declaration of compliance in accordance with Section 161 AktG, which is permanently available to shareholders on the company's website at www.hhla.de/corporate-governance.

Information on corporate governance at HHLA plus a detailed report on the amount and structure of remuneration paid to the Supervisory Board and Executive Board are publicly available on the company website at www.hhla.de/corporategovernance.

51. Auditing fees

In both the reporting year and the previous year, fees for auditing the financial statements mainly comprised 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. Other certification services primarily encompass the review of the compliance management system, the review of the non-financial report pursuant to ISAE 3000 (revised), the review of the remuneration report and the review of financial information, in particular according to the Renewable Energy Sources Act (EEG) and the Combined Heat and Power Act (KWKG). PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft was appointed as the auditor for the 2022 financial year, as in the previous year.

Auditing fees

in € thousand	**2022**	2021
Audit of financial statements	659	658
Other certification services	166	163
Tax advisory services	0	0
Other services	0	2
	825	**823**

52. Events after the balance sheet date

On 21 September 2021, HHLA AG and COSCO SHIPPING Ports Limited (CSPL), a terminal operator listed in Hong Kong and a member of the COSCO Shipping Group, signed an agreement subject to various approvals relating to competition law and foreign trade law (conditions precedent). The agreement concerns a non-controlling interest of CSPL amounting to 35.0 % of HHLA Container Terminal Tollerort GmbH (CTT), a wholly owned subsidiary of HHLA AG. On 31 October 2022, the German Federal Ministry for Economic Affairs and Climate Action approved the acquisition of this non-controlling interest under certain conditions. In particular, these conditions include limiting voting rights to under 25.0 % and ensuring CSPL does not acquire effective participation in the control of CTT in any other way that would exceed the influence gained by holding a share of voting rights below 25.0 %. The agreements, which require corresponding adjustments, are yet to be signed.

With the share purchase and transfer agreement dated 22 December 2022, HHLA Next GmbH acquired a 51.0 % stake in Survey Compass GmbH of Treben. The object of the company is the provision of online content, the transfer of software and hardware and consultancy in the logistics and transport industry (focusing on railways, ships, aircraft and trucks) as well as associated industries. The closing of the transaction (corresponding to the acquisition date) is tied to various conditions and took place on 17 January 2023, after the balance sheet date. The company will be assigned to the Logistics segment. The company will be incorporated into HHLA's group of consolidated companies as of 31 March 2023. For further information, please refer to Note 3.

Dr. Roland Lappin stepped down from the Executive Board on 31 January 2023. Tanja Dreilich was appointed as a Member of the Executive Board effective 1 January 2023. She took over the role of Chief Financial Officer from Dr. Roland Lappin as of 1 February 2023.

There were no other events of special significance after the balance sheet date of 31 December 2022.

Hamburg, 6 March 2023

Hamburger Hafen und Logistik Aktiengesellschaft
The Executive Board

A. Titzrath   Tanja Dreilich   J. Hansen   T. Seebold

Angela Titzrath   Tanja Dreilich   Jens Hansen   Torben Seebold

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, 6 March 2023

Hamburger Hafen und Logistik Aktiengesellschaft

The Executive Board

Angela Titzrath	Tanja Dreilich	Jens Hansen	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 2022 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 2022

in €	**2022**	2021
Revenue	138,516,938.87	143,136,929.48
Increase or decrease in work in progress	- 71,425.77	- 315,223.39
Own work capitalised	601,191.43	652,505.87
Other operating income	13,711,038.22	8,034,563.74
of which income from translation differences	57,953.23	13,678.13
Cost of materials	11,028,576.14	13,177,694.02
Expenses for raw materials, consumables, supplies and purchased merchandise	5,472,180.98	5,838,390.60
Expenses for purchased services	5,556,395.16	7,339,303.42
Personnel expenses	109,269,903.33	110,205,451.35
Wages and salaries	95,011,318.81	93,775,546.62
Social security contributions and expenses for pension and similar benefits	14,258,584.52	16,429,904.73
of which for pensions	- 1,220,282.66	671,356.91
Depreciation and amortisation on intangible fixed assets and property, plant and equipment	3,826,161.91	6,301,531.41
Other operating expenses	64,990,835.16	62,950,131.11
of which expenses from translation differences	61,416.80	59,929.54
Income from profit transfer agreements	41,649,658.19	104,297,623.30
Income from equity participations	77,359,416.93	55,829,870.46
of which from affiliated companies	73,750,869.41	50,940,977.21
Other interest and similar income	7,007,367.46	4,207,018.53
of which from affiliated companies	6,765,041.23	4,204,984.91
Depreciation and amortisation on financial assets	6,424,202.02	11,248,949.91
Expenses from assumed losses	4,130,748.04	2,655,913.71
Interest and similar expenses	13,727,097.69	27,615,375.45
of which to affiliated companies	381,303.38	0
of which from accrued interest	9,703,986.98	24,292,701.91
Taxes on income	18,088,010.56	19,543,603.46
of which expense (previous year: income) from the change unrecognised taxes	17,496,876.49	5,854,158.93
Profit after tax	**47,288,650.48**	**62,144,637.57**
Other taxes	125,944.23	155,565.26
Net profit for the year	**47,162,706.25**	**61,989,072.31**
Profit carried forward from the previous year	199,549,363.17	175,504,837.61
Dividend distributed	60,065,653.50	37,944,546.75
Unappropriated profit	**186,646,415.92**	**199,549,363.17**

Balance sheet as of 31 December 2022

in €	**31.12.2022**	31.12.2021
ASSETS		
Intangible assets		
Internally generated industrial and similar rights and values	6,114,262.07	6,809,866.89
Purchased software	951,718.58	1,002,897.95
Assets in development	19,270,092.19	17,356,864.28
	26,336,072.84	**25,169,629.12**
Property, plant and equipment		
Land, equivalent land rights and buildings, including buildings on leased land	2,277,315.77	2,533,924.03
Technical equipment and machinery	7,499.69	5,718.73
Other plant, operating and office equipment	3,624,340.44	3,427,868.22
Payments made on account and plant under construction	1,018,689.88	329,440.05
	6,927,845.78	**6,296,951.03**
Financial assets		
Interests in affiliated companies	443,947,235.85	433,831,063.73
Loans to affiliated companies	17,120,000.00	17,820,000.00
Equity investments	7,961,436.14	8,012,876.79
Non-current securities	816,175.94	715,276.40
	469,844,847.93	**460,379,216.92**
Non-current assets	**503,108,766.55**	**491,845,797.07**
Inventories		
Raw materials, consumables and supplies	174,933.15	243,019.47
Work in progress	360,663.11	432,088.88
	535,596.26	**675,108.35**
Receivables and other assets		
Trade receivables	851,260.25	727,939.56
Receivables from the Free and Hanseatic City of Hamburg	8,333,302.49	1,176,654.63
thereof with a maturity of more than one year	0	1,154,327.25
Receivables from the HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg	75,089,097.51	82,500,000.00
Receivables from affiliated companies	616,189,542.88	526,307,409.92
Receivables from investee companies	10,140.00	4,921.11
Other assets	8,104,381.81	8,027,015.75
thereof with a maturity of more than one year	55,364.00	66,568.00
	708,577,724.94	**618,743,940.97**
Cash and cash equivalents	**59,720,707.01**	**103,266,698.16**
Current assets	**768,834,028.21**	**722,685,747.48**
Accruals and deferrals	**3,330,570.68**	**1,270,991.29**
Deferred tax assets	**75,869,760.43**	**92,911,660.08**
Balance sheet total	**1,351,143,125.87**	**1,308,714,195.92**

in €	31.12.2022	31.12.2021
EQUITY AND LIABILITIES		
Equity		
Subscribed capital		
Port Logistics subgroup	72,514,938.00	72,514,938.00
Real Estate subgroup	2,704,500.00	2,704,500.00
	75,219,438.00	**75,219,438.00**
Capital reserve		
Port Logistics subgroup	176,573,426.91	176,573,426.91
Real Estate subgroup	506,206.26	506,206.26
	177,079,633.17	**177,079,633.17**
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	142,248,998.61	158,592,452.13
Real Estate subgroup	44,397,417.31	40,956,911.04
	186,646,415.92	**199,549,363.17**
Equity	**502,816,221.31**	**515,719,168.56**
Provisions		
Provisions for pensions and similar obligations	334,796,878.00	342,699,304.20
Tax provisions	0	10,155,530.85
Other provisions	76,176,658.23	83,209,677.30
	410,973,536.23	**436,064,512.35**
Liabilities		
Liabilities from bank loans	213,298,880.01	186,180,586.77
Payments on account	360,663.11	415,088.88
Trade liabilities	5,333,503.13	5,406,169.15
Liabilities towards the Free and Hanseatic City of Hamburg	2,750.00	0
Liabilities towards affiliated companies	180,154,063.17	98,197,449.08
Liabilities towards investee companies	13,353,442.44	9,837,043.99
Other liabilities	13,492,409.80	46,656,497.31
of which from taxes	1,967,617.24	1,935,151.36
of which for social security	190,640.38	193,238.94
	425,995,711.66	**346,692,835.18**
Accruals and deferrals	**665,045.06**	**45.06**
Deferred tax liabilities	**10,692,611.61**	**10,237,634.77**
Balance sheet total	**1,351,143,125.87**	**1,308,714,195.92**

Independent auditor's report

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 31 December 2022**,** 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 1 January to 31 December 2022, 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, for the financial year from 1 January to 31 December 2022. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the "Other information" section of our auditor's report.

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 § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2022, and of its financial performance for the financial year from 1 January to 31 December 2022, 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 those parts of the group management report listed in the "Other Information" section of our auditor's report.

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 1 January to 31 December 2022. 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. **Provisions for 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 63,242 thousand (2.3 % 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. The impairment tests are 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 determined 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. Present values are calculated using discounted cash flow models. For this purpose, the adopted medium-term business plan of the Group forms the starting point which is extrapolated based on assumptions about long-term rates of growth. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the weighted average cost of capital for the respective group of cash-generating units. The impairment test determined that no write-downs were necessary.

The outcome of this valuation is dependent to a large extent 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, 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 in the context of our audit.

2. As part of our audit, we assessed the methodology used 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 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 focused our testing in particular 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. Taking into account the information available, we determined that the carrying amounts of the cash-generating units, including the allocated goodwill, were adequately covered by the discounted future cash flows.

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 consolidated financial statements of the Company obligations from pensions, capital plans and working lives amounting to EUR 336,735 thousand (12.2 % 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 336,810 thousand and the fair value of plan assets amounting to EUR 75 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 31 December 2022 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 markets yields on high-quality corporate bonds with matching currencies and consistent maturities. This usually requires the data to be extrapolated, since sufficient long-term corporate bonds with longer maturities do not exist. The plan assets are measured at fair value, which in turn involves making estimates that are subject to 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. 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 Company’s 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. Provisions for 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 48,652 thousand (1.8 % 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. From our point of view, this matter was of particular significance in the context of our audit because the recognition of restructuring provisions is based to a large extent 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 following non audited parts of the group management report:

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB included in section “Corporate management declaration” of the group management report

- the non-financial statement to comply with §§ 289b to 289e HGB and with §§ 315b to 315c HGB included in various sections of the group management
- the section “Declaration of the appropriateness and effectiveness of the governance systems” of the group management report

The other information comprises further 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 (i.e., fraudulent financial reporting and misappropriation of assets) 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, actions taken to eliminate threats or safeguards applied.

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 HHLA_AG_KA_ESEF-2022-12-31.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 1 January to 31 December 2022 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 (06.2022)) 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 16 June 2022. We were engaged by the supervisory board on 30 September 2022. 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 filed in the company register – 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 Marko Schipper.

Hamburg, 16 March 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

sgd. Marko Schipper
Wirtschaftsprüfer
(German Public Auditor)

sgd. ppa. Sebastian Hoffmann
Wirtschaftsprüfer
(German Public Auditor)

Audit opinion

Independent Practitioner’s Report on a Limited Assurance Engagement on Non-financial Reporting [1]

To Hamburger Hafen and Logistik Aktiengesellschaft (HHLA), Hamburg

We have performed a limited assurance engagement on the combined non-financial statement of HHLA AG, Hamburg, (hereinafter the “Company”) for the period from 1 January to 31 December 2022 (hereinafter the “Combined Non-financial Statement”) included and identified in various sections of the combined management report.

Not subject to our assurance engagement are the external sources of documentation or expert opinions mentioned in the Combined Non-financial Statement or the voluntary additional information marked as unaudited.

Responsibility of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Combined Non-financial Statement 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 Non-financial Statement.

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 Non-financial Statement 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 Non-financial Statement. 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 Non-financial Statement 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 Non-financial Statement, other than the external sources of documentation or expert opinions mentioned in the Combined Non-financial Statement, 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 Non-financial Statement.

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:

- 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 Non-financial Statement about the preparation process, about the internal control system relating to this process and about disclosures in the Combined Non-financial Statement
- Identification of likely risks of material misstatement in the Combined Non-financial Statement
- Analytical procedures on selected disclosures in the Combined Non-financial Statement

- Reconciliation of selected disclosures with the corresponding data in the consolidated financial statements and management report
- Evaluation of the presentation of the Combined Non-financial Statement
- Evaluation of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Combined Non-financial Statement
- Inquiries on the relevance of climate-risks
- Evaluation of CO_2 compensation certificates exclusively with regard to their existence, but not with regard to their impact

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 Non-financial Statement of the Company for the period from 1 January to 31 December 2022 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 Non-financial Statement.

We do not express an assurance opinion on the external sources of documentation or expert opinions mentioned in the Combined Non-financial Statement.

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, 16 March 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Nicolette Behncke Wirtschaftsprüferin German public auditor	ppa. Meike Beenken

[1] PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the combined non-financial statement 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.

Further information

Multi-year overview

in € million	2022	2021	2020	2019	2018
Revenue					
Port Logistics subgroup	1,542.3	1,435.8	1,269.3	1,350.0	1,258.5
Real Estate subgroup	44.1	38.1	38.1	40.2	39.3
Consolidation	- 8.0	- 8.4	- 7.6	- 7.6	- 6.6
HHLA Group	**1,578.4**	**1,465.4**	**1,299.8**	**1,382.6**	**1,291.1**
EBITDA					
Port Logistics subgroup	369.6	384.1	269.4	358.7	297.8
Real Estate subgroup	26.6	22.6	20.0	23.9	20.7
Consolidation	0.0	0.0	0.0	0.0	0.0
HHLA Group	**396.3**	**406.7**	**289.4**	**382.6**	**318.5**
EBITDA margin in %	25.1	27.8	22.3	27.7	24.7
EBIT					
Port Logistics subgroup	201.6	212.6	110.3	204.4	188.4
Real Estate subgroup	18.4	15.3	12.9	16.5	15.5
Consolidation	0.4	0.4	0.4	0.3	0.3
HHLA Group	**220.4**	**228.2**	**123.6**	**221.2**	**204.2**
EBIT margin in %	14.0	15.6	9.5	16.0	15.8
Profit after tax	**133.1**	**132.9**	**74.1**	**137.1**	**138.5**
Profit after tax and after non-controlling interests	**92.7**	**112.3**	**42.6**	**103.3**	**112.3**
Cash flow/investments/depreciation and amortisation					
Cash flow from operating activities	279.3	315.9	291.2	322.7	232.7
Cash flow from investing activities	- 152.6	- 227.4	- 177.3	- 193.8	- 203.4
Cash flow from financing activities	- 127.9	- 84.9	- 150.9	- 176.9	- 31.5
Investments	203.1	231.6	196.3	224.9	141.3
Depreciation and amortisation	175.9	178.5	165.8	161.4	114.2
Assets and liabilities					
Non-current assets	2,278.4	2,294.0	2,150.9	2,124.4	1,446.9
Current assets	492.5	507.9	440.2	485.7	526.0
Equity	873.3	705.2	567.0	578.9	614.8
Equity ratio in %	31.5	25.2	21.9	22.2	31.2
Pension provisions	336.7	489.3	531.1	503.2	448.9
Other non-current assets	1,235.1	1,240.9	1,193.6	1,246.6	665.7
Current liabilities	325.7	366.5	299.4	281.3	243.4
Dynamic gearing ratio	3.4	3.6	5.1	4.0	2.5
Total assets	**2,770.9**	**2,801.9**	**2,591.1**	**2,610.0**	**1,972.9**
Employees					
Employees as of 31.12.	6,641	6,444	6,312	6,296	5,937
Performance data					
Container throughput in million TEU	6.4	6.9	6.8	7.6	7.3
Container transport in million TEU	1.7	1.7	1.5	1.6	1.5

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.

CO_2e (CO_2 equivalent – carbon dioxide equivalent)

CO_2e is a scale unit of the climate impact of various greenhouse gases. In addition to the do-mining greenhouse gas CO_2, CO_2e includes other gases with a climate impact such as methane (CH_4) and nitrous oxide (N_2O). The values between CO_2 and CO_2e are almost comparable due to the energy sources used at HHLA.

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

The EU taxonomy is a legally binding classification system regulated, which defines which economic activities of a company are considered sustainable. Linked to this are concrete requirements for the operation of business activities and the calculation methods of various key figures. The aim is to steer more investments into sustainable companies and technologies and thus support the European Union's 2050 climate neutrality target.

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.

Editorial notes

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.

Inclusive language

In many places in the report, we have opted to forego the use of separate masculine and feminine forms in the interest of legibility. The masculine form is substituted for all genders.

Rounding and differences

The key figures in the report are rounded in accordance with standard commercial practice. In individual cases, rounding may result in values in this report not adding up precisely to the amount stated, with corresponding percentages not tallying.

Publication date

This Annual Report was published on 23 March 2023. It is available in German and English. In the event of any discrepancies between the two versions, the German version shall take precedence.

Financial calendar

23 March 2023

Annual Report 2022, Analyst Conference Call

15 May 2023

Interim Statement January–March 2023, Analyst Conference Call

15 June 2023

Annual General Meeting

15 August 2023

Half-Yearly Financial Report January–June 2023, Analyst Conference Call

14 November 2023

Interim Statement January–September 2023, Analyst Conference Call

Imprint

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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.

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