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 held on 16 June 2016 authorised the company to purchase class A treasury shares 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 15 June 2021. This authorisation may be used for any legally permissible purpose, except for trading in treasury shares. 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 this authorisation via the stock exchange or offering them to all 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 companies in which the company holds a majority stake, issuing or offering shares for sale to employees of the company or to employees or members of the executive bodies of an associated company, the sale of shares to third parties in return for contributions in kind, as well as redeeming shares, even in a simplified process in accordance with Section 237 (3–5) AktG. In the above cases – excluding redemption – the rights of shareholders to subscribe for treasury shares are also excluded. With the exception of shares sold in return for contributions in kind or the redemption of shares, the class A shares sold or used while excluding subscription rights may not exceed 10 % of the share capital attributable to class A shares.

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

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

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

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

In July 2020, the company also concluded an agreement concerning a revolving line of credit totalling € 50 million to protect general liquidity with KfW IPEX-Bank GmbH as the lender. In the event of a change of control at HHLA, the lender is entitled to terminate the contract without notice. A change of control can be said to have taken place if the share of share capital in HHLA attributable to the Free and Hanseatic City of Hamburg (including via indirect interests) falls below 50 %.

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

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

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

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

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

## Company overview

### Structure and commercial activities

Hamburger Hafen und Logistik Aktiengesellschaft (HHLA AG) is a leading European port logistics group. It is the parent company of the HHLA Group and runs the Group as a strategic management holding company. Its operations are carried out by the 33 domestic and 18 foreign subsidiaries that make up the consolidated group. In the 2020 financial year, HHLA increased its group of consolidated companies for the purpose of extending its intermodal network and expanding its digital business operations. No other significant legal or organisational changes were made.

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

### Employees

HHLA AG had a total of 1,043 employees as of 31 December 2020 (previous year: 1,055). Of this number, 253 received wages (previous year: 271), 721 received a salary (previous year: 719) and 69 were apprentices (previous year: 65). Of the 1,043 staff members, 423 were assigned to companies within the HHLA Group in the reporting year.

### Economic environment

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

## Earnings position

**Key figures**

| in € million | **2020** | 2019 | Change |
|---|---|---|---|
| Revenue | 133.5 | 136.0 | - 1.8 % |
| Other income and expenses | - 205.7 | - 163.4 | - 25.9 % |
| Operating result | - 72.2 | - 27.4 | - 163.5 % |
| Financial result | - 23.7 | - 28.5 | 16.8 % |
| Result from equity investments | 94.9 | 143.4 | - 33.8 % |
| Income taxes | 11.9 | - 11.7 | 201.9 % |
| Net profit | 10.9 | 75.8 | - 85.6 % |

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 € 133.5 million in the reporting period (previous year: € 136.6 million). The decline of € 2.5 million resulted from services billed to subsidiaries of HHLA AG.

**Other income and expenses** reduced earnings by an additional € 42.3 million compared with the previous year. This was largely due to increased expenses as part of restructuring measures in the Container segment.

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

The development of **income from equity investments** was primarily due to the performance of the Intermodal segment and increased expenses for restructuring measures in the Container segment. The net profits of HHLA AG's affiliates and equity investments recognised in profit or loss declined year-on-year by € 48.5 million to € 94.9 million (previous year: € 143.4 million).

The € 23.6 million decline in **income taxes** stemmed mainly from the reduced operating result.

The company's **annual net profit** amounted to € 10.9 million in the reporting period (previous year: € 75.8 million). The A division accounted for € 4.9 million of this net profit (previous year: € 66.6 million) and the S division for € 6.0 million (previous year: € 9.2 million).

### Forecast and actual figures

| in € million | Actual 2019 | Forecast 2020 | Actual 2020 |
|---|---|---|---|
| Net profit | 75.8 | strongly declining | 10.9 |

The forecast for the development of annual net profit materialised as expected and was further impacted by expenses for restructuring measures in the Container segment.

## Assets

### Balance sheet structure

| in € million | 31.12.2020 | 31.12.2019 |
|---|---|---|
| **Assets** | | |
| Intangible assets and property, plant and equipment | 32.5 | 32.4 |
| Financial assets | 441.7 | 444.5 |
| Other assets | 741.2 | 718.5 |
| **Balance sheet total** | **1,215.4** | **1,195.4** |
| | | |
| **Equity and liabilities** | | |
| Equity | 474.6 | 492.2 |
| Pension provisions | 334.8 | 330.1 |
| Other liabilities | 406.0 | 373.1 |
| **Balance sheet total** | **1,215.4** | **1,195.4** |
| Equity ratio in % | 39.0 | 41.2 |
| Intensity of investments in % | 2.7 | 2.7 |

The carrying amounts of **intangible assets** and **property, plant and equipment** totalled € 32.5 million at the end of the reporting period (previous year: € 32.4 million). Capital expenditure amounted to € 4.9 million in the reporting period (previous year: € 6.9 million). Capital expenditure focused mainly on expanding the IT landscape.

**Financial assets** decreased in total by € 2.8 million to € 441.7 million.

**Equity** declined by € 17.6 million compared to year-end 2019. The decline is mainly attributable to the dividend distribution of € 54.7 million. There was an opposing effect from the increase in capital of € 25.2 million from the distribution of a scrip dividend.

### Development in pension provisions

| in € thousand | 2020 | 2019 |
|---|---|---|
| **Carrying amount on 1 January** | **330,110** | **323,888** |
| Expense recognised in profit and loss | 23,826 | 25,301 |
| Pension payments | - 19,175 | - 19,079 |
| **Carrying amount on 31 December** | **334,761** | **330,110** |

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 2.30 % set by Deutsche Bundesbank was applied for the reporting year (previous year: 2.71 %).

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: € 330.1 million).

## Financial position

### Liquidity analysis

| in € million | 2020 | 2019 |
|---|---|---|
| **Financial funds as of 1 January** | **431.4** | **416.1** |
| Cash flow from operating activities | 67.0 | 103.7 |
| Cash flow from investing activities | - 2.2 | - 26.7 |
| Cash flow from financing activities | - 29.5 | - 61.7 |
| **Financial funds as of 31 December** | **466.7** | **431.4** |
| of which receivables from subsidiaries | 291.9 | 224.1 |
| of which cash and cash equivalents | 174.8 | 207.3 |

**Cash flow from operating activities** totalled € 67.0 million in the reporting period (previous year: € 103.7 million). It was dominated by the operating result and the income received from equity investments. Cash flow was completely sufficient to fund capital expenditure in the reporting period.

In connection with existing cash pooling agreements, **financial funds** comprised receivables from subsidiaries of € 291.9 million (previous year: € 224.1 million), cash and cash equivalents in the form of bank balances totalling € 92.8 million (previous year: € 112.3 million) – of which € 40.0 million (previous year: € 45.0 million) was short-term bank deposits – and clearing receivables of € 82.0 million (previous year: € 95.0 million) due from HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg (HGV). The S division of HHLA AG participates in the cash