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

Events after the balance sheet date

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

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

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

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

Business forecast

Macroeconomic environment

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

Growth expectations for GDP

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

Source: International Monetary Fund (IMF); January 2022

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

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

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

Sector development

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

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

Expected container throughput by shipping region

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

Source: Drewry Maritime Research; December 2021

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

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

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

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

Expected freight traffic in Germany by modes of transport

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

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

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

Expected Group performance

Comparison with the forecast of the previous year

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

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

Expected earnings position

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

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

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

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

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

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

Expected financial position

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

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

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

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

Risk and opportunity report

Management of risks and opportunities

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

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

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

Risk and opportunity management system

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

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

Categorisation of the probability of occurrence

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

Categorisation of the damage amount

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

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

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

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