



2021

GROUP MANAGEMENT REPORT

of Hamburger Hochbahn Aktiengesellschaft for the 2021 financial year

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1. Fundamental information about the Group

1.1 The Group's business model

Hamburger Hochbahn AG (HOCHBAHN) is one of the leading local public transport companies in Germany. Operating four U-Bahn lines, 116 bus lines and several ferry services, the company provides approximately half of all public transport services within the Hamburg Public Transport Association (Hamburger Verkehrsverbund - hvv). With over 6,000 employees, HOCHBAHN is one of Hamburg's largest employers. Together with its subsidiaries and investees, including those providing rolling stock maintenance, security and cleaning services, HOCHBAHN is an integral part of mobility in Hamburg.

Hamburger Hochbahn AG is a company organised and managed according to private sector principles which is wholly-owned by the Free and Hanseatic City of Hamburg via HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH (HGV). The company is organised into four divisions:

Management Board

Division	Division	Division	Division
Corporate Management Chairman Henrik Falk	Personnel and Operations Claudia Güsken	Finance and Sustainability Helmut König	Technical Jens-Günter Lang

The Corporate Management division is led by the Chief Executive Officer, Henrik Falk. In addition to System Development and Service Planning, Marketing, Corporate Communications as well as Sales and Transport Management, this division also comprises several staff units (Hamburg-Takt, Public Affairs and Strategy, Citizen Participation and Internal Auditing). As of 1 January 2022, the System Development and Service Planning department and the Hamburg-Takt staff unit were merged to form the new Hamburg-Takt unit. Metro Operations and Bus Operations together with Human Resources, Innovation and Change make up the Human Resources and Operations division. The Finance and Sustainability division comprises Finance and Managerial Accounting, Procurement, Information Management, Legal Services and Real Estate as well as the Sustainable Development, Environmental Protection and Occupational Safety. The Technology division consists of Construction Projects, Infrastructure, Bus Technology and Metro Rolling Stock as well as Project Metro U5.

The following table shows the Management Board member principally responsible for the consolidated investees.

Investee	Principally responsible
FFG Fahrzeugwerkstätten Falkenried GmbH	Mr Lang
TEREG Gebäudedienste GmbH	Mr Lang
HHW Hamburger Hochbahn-Wache GmbH	Ms Güsken
Hanseatische Siedlungs-Gesellschaft mbH	Mr König
HOCHBAHN Grundstücksverwaltungsgesellschaft mbH & Co. KG	Mr König
HOCHBAHN Beteiligungsgesellschaft mbH & Co. KG	Mr König

One of the stated goals of the Free and Hanseatic City of Hamburg is to reduce carbon emissions in Hamburg by 55% before 2030 compared with the 1990 baseline. In its capacity as the key partner in the Hamburg-Takt, HOCHBAHN made a commitment to continue with its climate action and the mobility transformation and kept up its efforts during the coronavirus pandemic. The objective of the Hamburg-Takt is to increase the market share of local public transport in Hamburg to 30% by 2030 – compared with 22% in 2017. Even more people need to switch to local public transport for this goal to be achieved. HOCHBAHN continually supports new mobility concepts. Following the integration of MOIA in the past year, two car sharing providers (SIXT share and MILES) and the first electric scooter sharing provider (TIER) were added to the hvv switch app in 2021. This central mobility platform with deep integration of all relevant mobility providers will be expanded again in 2022 to incorporate additional offerings. Together with the around 80 switch points at municipal railway stations and in the local neighbourhoods, a holistic mobility offering has become established in Hamburg.

HOCHBAHN also continues to invest in its existing U-Bahn and bus network and is adding new areas of the city to the network in accordance with long-term planning. In 2021, overall planning for the new U5 U-Bahn line was further driven forward. The first preparatory measures for construction in the U5 East section were taken at the end of September 2021 after the planning permission was granted. Construction work to extend the U4 line to Horner Geest continued according to schedule, as did planning for extending it to Grasbrook. Our work on improving accessibility for disabled passengers, and our extensive maintenance work have contributed to the future viability of Hamburg's U-Bahn system.

The zero-emission bus fleet has grown to a total of 105 vehicles by the end of 2021.

1.2 Objectives and strategies

In Hamburg, transport – and local public transport in particular – is one of the most important factors in meeting the city's climate protection goals for 2030. The mobility sector accounts for around 31% of Hamburg's carbon emissions (as of 2019). How people in this growing city can stay mobile in the future without owning a car while at the same time helping to mitigate climate change is one of the key issues facing lawmakers and transport companies. Innovative solutions and approaches are continually being developed in collaborative projects for this purpose.

As a municipal company, HOCHBAHN believes that it has a particular duty to help ensure a high quality of life within the city. With its vision for creating intelligent mobility for a future worth living in Hamburg, HOCHBAHN reinforces its role as a key mobility partner for the city and carries out its day-to-day activities on this basis. Its innovative and sustainable solutions provide intuitive, user-oriented mobility for almost all life situations.

Despite continuing population growth in Hamburg, the company's aim is to reduce private car use and bring about a shift towards environmentally-friendly modes of transport (travelling on foot, cycling, local public transport). With transport performance rising overall, the aim of the Hamburg-Takt is to increase local public transport's share of the modal split from 22% (2017) to 30% (by 2030). This is intended to contribute to a significant reduction in carbon emissions and ensure that the mobility transformation serves to improve quality of life by producing cleaner air and less noise, and offering a broad selection of integrated modes of transport. HOCHBAHN underwent a strategic paradigm shift back in 2019 in this context. Anchored in the Climate Plan and the Climate Protection Act of the Free and Hanseatic City of Hamburg and as an instrument of Senate policy, HOCHBAHN is focusing not only on developing its offering of bus, rail and ferry services based on demand, as was previously the case. Now, HOCHBAHN is also committed to a customer-centric, integrated local public transport offering based on supply and demand which includes on-demand and sharing services and provides better customer service and quality for the people of Hamburg. This will serve to fulfil the vision of achieving climate neutrality by maximising the attractiveness of environmentally friendly modes of transport and making private car use obsolete. By doing this, the Hamburg-Takt will raise the provision of public services to a new, climate-conscious level.

¹ <https://www.hamburg.de/co2-bilanz-hh>

1.3 Sustainability

Sustainable corporate governance

Since joining the UN Global Compact in 2017, HOCHBAHN has aligned its corporate governance with the Global Compact's ten principles and the Sustainable Development Goals (SDGs). The issue of sustainability is also an integral part of HOCHBAHN's corporate strategy and is anchored in the Finance and Sustainability department at Management Board level. Moreover, achievement of sustainability goals is embedded in the targets agreed by the Management Board and senior management. In 2021, sustainability targets were set in the context of sustainable corporate governance (sustainability programme) and in connection with the procurement of zero-emission buses and construction of the U5 U-Bahn line. There are also various formats for raising awareness of sustainability in processes across the company and actively involving employees in the implementation of these issues.

In order to keep stakeholders fully informed of all of our important sustainability activities, since the 2020 financial year HOCHBAHN has published a GRI Report in accordance with the standards of the Global Reporting Initiative (GRI) in addition to its Annual and Sustainability Report. This report also serves as a progress report for the Global Compact and discloses its compliance with the criteria of the German Sustainability Code (DNK) via a DNK Content Index.

Since 2017, HOCHBAHN's sustainability strategy has focused on five prioritised SDGs with special relevance for HOCHBAHN plus five top goals for sustainable development based on them.

- Position HOCHBAHN as a sustainable mobility provider
- Minimise emissions arising from our business activities
- Take responsibility, both locally and globally
- Use resources efficiently and protect the environment
- Promote sustainable innovation

Guiding framework since 2017



Back in 2020, HOCHBAHN honed its sustainability strategy within the framework of a materiality analysis conducted in accordance with the GRI Standards and evaluated 15 sustainability topics with relevance for HOCHBAHN in terms of its business and the social and environmental impact of its activities. Both internal and external stakeholders were surveyed for this, including customers, HOCHBAHN employees and recognised experts in the fields of mobility and sustainability. The results of the analysis had endorsed HOCHBAHN's current policy of contributing significantly to climate action by developing attractive mobility services and through the related modal shift, as well as by reducing our own emissions. Based on the findings of this materiality analysis, HOCHBAHN developed an impact programme in the 2021 reporting year. The method chosen for this programme is based on the recommendations of the UN Global Compact for the implementation of the Sustainable Development Goals. HOCHBAHN was part of a global peer learning group in 2021. The impact programme implements the key issues from the stakeholders' perspective by means of targets and metrics (KPIs) and is intended to serve in future as an internal

instrument for monitoring and control and to provide a basis for sustainable corporate governance as well as for management accounting and reporting. In this context, the topic of business integration of the required data processes was also considered as part of the SAP S/4Hana IT project and specified in the form of visions.

HOCHBAHN takes a holistic approach to achieving its top sustainable development goals that involves adding ecological and social criteria to its performance indicators. In Purchasing, for example, the Sustainability Standards for Suppliers and Business Partners have become binding contractual components in HOCHBAHN's procurement processes since 1 May 2019. In 2021, HOCHBAHN's sustainable sourcing model was refined in tender processes whose award criteria included sustainability in addition to the usual technical and commercial requirements. This was applied, for instance, in the tenders for the electric bus charging technology and IT outsourcing. When the sourcing model was being refined, contract performance conditions on sustainability requirements were also implemented for the first time. For example, going forward the new IT outsourcing partner will be required to be consistently transparent in its disclosure of greenhouse gas emissions and compliance with social standards in the manufacture of IT hardware.

In preparation for the issue of a green bond in February 2021, HOCHBAHN has drawn up the relevant sustainability criteria. This so-called green bond framework has been prepared in accordance with the Green Bond Principles of the International Capital Market Association (ICMA) applicable to the "clean transportation" project category. The HOCHBAHN's green bond can be used to help finance the conversion of the bus fleet to emission-free, the modernisation of the existing U-Bahn network or the development of new services, among others. When the experts from the CICERO Shades of Green institute reviewed HOCHBAHN's green bond framework, their "Second Party Opinion" report awarded it the highest rating of "Dark Green". CICERO Shades of Green also gave the HOCHBAHN governance structure its highest rating of "Excellent".

Climate action

By adopting its "Climate Neutrality 2030" target in 2019, HOCHBAHN underlined its ambitions and contribution to complying with the Paris Agreement and the City of Hamburg's CO₂ reduction target. Procuring local emission-free buses and purchasing certified green electricity are significant levers for reducing direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions to zero by 2030. Emissions from upstream and downstream processes (Scope 3) are also being analysed and reviewed for additional savings potential.

In addition to striving to provide climate-neutral mobility, HOCHBAHN is contributing significantly to lowering the greenhouse gas emissions generated by mobility activities and is thus supporting the mobility transformation by expanding its range of services.

Hamburg and HOCHBAHN will face new challenges in dealing with extreme weather in the next few decades as a result of climate change, caused in particular by changing rainfall distribution, an increase in extreme precipitation events and heatwaves. As a municipal company and climate partner of the Free and Hanseatic City of Hamburg, HOCHBAHN will integrate the risks and opportunities of climate change as well as its strategy to adapt to climate change more systematically into its business processes.

1.4 Research and development

The switch by the HOCHBAHN bus fleet to electric drive systems requires considerable effort, as it also involves putting the necessary electrical infrastructure in place and securing the energy supply. HOCHBAHN is pursuing both of these tasks intensively and is supporting these efforts through scientific activities.

The Helmut Schmidt University provided scientific support to help HOCHBAHN expand the charging infrastructure at the Alsterdorf bus depot. As the project is also of great interest to other local transport companies, it was funded by the Federal Ministry for Digital and Transport under its mobility and fuel strategy and was successfully completed in September 2021. The results of this project have already been taken up by a large number of scientific publications.

HOCHBAHN is cooperating with another project at Helmut Schmidt University, which is investigating the possibility of using reversible fuel cell systems to provide emergency power at bus depots. This project is looking into safeguarding the supply of power even in the event of a failure in the electricity distribution network.

Until the end of September 2021, HOCHBAHN was also collaborating at national government level with two consortia carrying out accompanying research into the battery-powered buses being operated in Hamburg. Key topics addressed included the energy requirements and availability of the vehicles as a function of their operational deployment profiles and seasonal weather conditions. Until the end of 2021, HOCHBAHN was also leading the government-funded RealLabHH project in which 32 well-known project partners carried out research into a wide range of topics in eleven sub-projects. The topics included autonomous driving, a mobility platform for all providers, on-demand shuttle services in rural areas, a mobility budget instead of a company car, and innovative solutions for goods transportation.

In the field of hydrogen technology, HOCHBAHN is participating in the Northern German Regulatory Sandbox, a large consortium of partners from industry and the scientific community, which is supervised by Hamburg University of Applied Sciences (HAW) and hySOLUTIONS GmbH and funded by the federal government. According to current information, HOCHBAHN will operate five subsidised fuel cell buses in regular services for this project.

In addition, HOCHBAHN intensively tested passenger services in small autonomous buses in HafenCity in the HEAT (Hamburg Electric Autonomous Transportation) research and development project between 2019 and 2021. The Institute for Climate Protection, Energy and Mobility (IKEM) carried out an in-depth scientific evaluation of the legal framework of this project, which was completed in December 2021, while the German Aerospace Center (DLR) conducted the associated acceptance research. HOCHBAHN and its project partners view HEAT as an important milestone for developing and bringing technological solutions to market and establishing autonomous driving in future as a complement to the existing local public transport offering.

2. Report on economic position

2.1 Macroeconomic and sector-specific environment

Local public transport was again impacted in no small measure by the coronavirus pandemic in 2021. The economic situation of transport companies was marked by comparatively small passenger numbers and lost revenue running into billions of euros. The rescue package provided by the federal government to compensate for the financial hit the municipalities were experiencing due to the loss of revenue from transport companies was therefore continued in 2021.

During the second lockdown in early 2021, fewer than 50% of regular passengers used local public transport. However, positive trends began to emerge in 2021. It is estimated that by the end of 2021 passenger numbers – at least in cities and metropolitan areas – had recovered to around 65% of pre-crisis levels. However, it is not yet possible to predict when we will see a return to the record passenger numbers achieved in 2019 (10.4 billion passengers). For one thing, the protracted pandemic and the related social restrictions are leading to fewer and fewer trips being taken. For another, there is still a clear trend towards greater individual mobility instead of shared mobility.

The increase in digitalised forms of working and avoidance of large gatherings have led to higher expectations of quality among passengers, for example in relation to distance in the vehicle, hygiene and digital passenger information. Transport companies need to be responsive to these changes and develop sustainable solutions for them.

2.2 Course of business

The coronavirus pandemic also impacted on the hvv transport region in 2021. It is estimated that demand fell by approximately 38%¹ compared with the pre-crisis year 2019.

HOCHBAHN recorded around 285.8 million¹ passengers (including those changing means of transport) in 2021. This corresponds to a decrease in demand of 38.1%¹ versus 2019. Although passenger numbers showed a very positive trend particularly in the second half of 2021 despite the fourth wave of the virus, on the whole they fell 8.1% short of the prior-year figure. Here, it is important to note that the basis for comparison was high because the first two-and-a-half months of 2020 were still not affected by the pandemic.

hvv's transport income is expected to have fallen by 3.8%¹ year-on-year in 2021. HOCHBAHN believes that its revenue development in 2021 was slightly below that of the hvv as a whole, largely due to the long-running city-centre construction project. However, sales and marketing measures implemented to win back customers did achieve initial success. Similar campaigns will be continued, which along with an expanded fare coverage in the Steinburg district lead us to anticipate an 8% increase in revenue for 2022. In spite of the considerable challenges and pressures it faced, HOCHBAHN did not significantly reduce its transport service in 2021. The definitive discontinuation of the SchnellBus express lines when the timetable changed in December was compensated as projected by the expansion of the Xpress bus lines. The only major restrictions in the U-Bahn were caused by the long-term construction work on the U3 line in the city centre. HOCHBAHN started construction in 2021 to extend the U4 line to Horner Geest. Planning and preparatory measures for construction of the new U5 line were continued on schedule. The rolling stock was improved through the regular addition of new DT5 series U-Bahn rolling stock and innovative battery-powered buses. The conversion from diesel to electric buses was driven by the extension of the charging infrastructure, the expansion of existing depots and the planning and preparation of new ones.

¹ Provisional figures

In summary, the following tables reflect the development of HOCHBAHN's key non-financial performance indicators:

HOCHBAHN transport performance

	2021 ¹	2020 ²	2019 ²
Number of passengers carried (in thousand)			
U-Bahn	146,807	163,895	250,221
Bus	138,965	147,142	211,715
Total of both divisions (U-Bahn + bus)	285,772	311,037	461,936
Total number company-wide ³	242,905	264,381	392,646
Kilometres per space (in thousand)			
U-Bahn	9,093,963	9,198,359	8,933,221
Bus	4,502,249	4,396,167	4,131,658
Total number company-wide	13,596,212	13,594,526	13,064,878
Passenger kilometres (in thousand)			
U-Bahn	876,438	978,453	1,493,822
Bus	432,327	457,767	658,657
Total number company-wide	1,308,765	1,436,220	2,152,479

¹ Provisional figures

² Updated figures

³ In the line entitled "Total number company-wide", passengers changing from bus to underground and vice versa are only included once.

HOCHBAHN operating performance

U-Bahn	2021	2020	2019
Kilometres per unit in service ² (in thousand)	97,283	98,020	94,915
Kilometres per space ^{1,2} (in million)	9,094	9,198	8,933
Total track length ² (km)	105.8	105.8	105.8
Number of lines	4	4	4
Number of stations ²	93	93	93
Average travel speed (km/h) ²	33.8 ³	33.1	33.1

¹ Standing room calculated at 0.25m² per person

² Including Verkehrsgesellschaft Norderstedt mbH

³ Most popular line, U1: 35.4 km/h

The slight 0.8% decrease in kilometres per unit in service in 2021 is mainly attributable to closures of a stretch of the U3 line between Mönckebergstraße and Rathaus for construction work.

The 2021 target for kilometres per unit in service of 100,691 thousand km was undershot by 3.4%.

Owing to the coronavirus pandemic, there are no plans to expand services further in 2022. A further decrease in kilometres per unit in service of -1.3% is expected, largely due to the Brücken Alstertal construction site.

HOCHBAHN operating performances

Bus	2021	2020	2019
Kilometres per unit in service (in thousand)	55,972	54,194	51,643
Kilometres per space ¹ (in million)	4,502	4,396	4,132
Total track length ² (km)	956.2	944.1	964.0
Number of lines ²	116	119	114
Number of stations	1452	1,425	1,402
Average travel speed (km/h)	18.8	18.8	18.7

¹ Standing room calculated at 0.25m² per person

² Regular services as per Section 42 of the German Public Transport Act (Personenbeförderungsgesetz – PBefG), Line 380 (Arena Shuttle) not included

Measured in kilometres per unit in service, operating performance in the bus sector increased by 3.3% year-on-year in 2021. This change is mainly attributable to the full impact of service expansions that were not implemented until the second half of 2020. The 2021 target of 56,009 thousand km was undershot by 0.1%.

A further expansion of services is not planned for 2022, but operating performance in the bus sector measured in kilometres per unit in service is expected to be slightly higher than the 2021 level (+0.5%).

The development of key non-financial sustainability performance indicators is as follows:

Efficiency and carbon emissions of modes of transport

U-Bahn	2021 ¹	2020 ²	2019 ³
Specific energy consumption (in kWh/kilometre per space) ⁴	0.01263	0.01211	0.01268
Specific CO ₂ emissions (in g/kilometre per space) ^{4, 5, 6}	0.00	0.00	0.00
Specific energy consumption (in kWh/passenger kilometre) ⁴	0.13101	0.11384	0.07584
Specific CO ₂ emissions (in g/passenger kilometre) ^{4, 5, 6}	0.00	0.00	0.00
Bus ⁷			
Specific energy consumption (in kWh/kilometre per space) ^{4, 8}	0.06113	0.06123	0.06550
Specific CO ₂ emissions (in g/kilometre per space) ^{4, 5, 6, 8}	14.75	14.92	16.07
Specific energy consumption (in kWh/passenger kilometre) ^{4, 8}	0.63662	0.58802	0.41089
Specific CO ₂ emissions (in g/passenger kilometre) ^{4, 5, 6, 8}	153.61	143.25	100.81

¹ 2021: preliminary figures

² 2020: preliminary, updated figures

³ 2019: updated passenger kilometre figures

⁴ Related to the vehicle drive without considering the upstream chain

⁵ Emission factors for calculating the reduction of CO₂ emissions as part of the Hamburg Climate Plan. Made available by the Department of the Environment, Climate, Energy and Agriculture. Current as of: November 2021.

⁶ Starting with the 2019 reporting year, the emission factor of 0 g CO₂ per kWh was calculated on the assumption that operation is exclusively based on track power and charge current generated by non-subsidised renewable energy plants with a maximum plant age of six years (market-based approach).

Using regional emission factors (location-based approach), the specific carbon emissions of U-Bahn transport in 2021 were 4.9 g per kilometre per space and 51.1 g per passenger kilometre. Buses accounted for 15.2 g per kilometre per space and 158.4 g per passenger kilometre.

⁷ Based on timetable data of the concession of HOCHBAHN

⁸ Sum of diesel, charge current and hydrogen including Jasper and SBG

In U-Bahn operations, demand declined again in 2021, falling by 10.4%, which was not as much as in the first pandemic year of 2020, when a decline of 35.5% was recorded. Nevertheless, the volume of services was maintained at an almost constant level. As a result, specific track power consumption rose by 4.3% per kilometre per space and by 15.1% per passenger kilometre. This can be attributed to the following causes: firstly to an increase in heating energy demand due to the 1.1°C and 1.0°C (2019) decrease in mean annual temperature compared with the previous two years, as well as measures taken to prevent infection. Between August 2020 and May 2021, all doors were opened centrally at all stops. Improved air exchange in the passenger compartments also cooled these down more than usual. Secondly, average travel speed increased by 2.1%. As in the previous year, HOCHBAHN avoided carbon emissions by continuing to exclusively purchase certified green electricity.

The volume of bus services measured in kilometre per space grew slightly by 2.4% in the reporting period. The number of electric buses increased by 60 units year-on-year. The bus fleet's total charge current

thus nearly doubled, now accounting for 1.9% of the bus fleet's overall energy consumption. The increasing use of energy-efficient battery-powered buses in the bus fleet actually reduced service-related energy consumption slightly by 0.2%. Amid the 5.6% fall in demand (measured in terms of passenger kilometres), demand-based energy consumption nevertheless rose by 8.3%.

Comparing the development of energy consumption figures with the development of the bus fleet's carbon emissions reveals similar trends: Carbon emissions decreased by 1.1% per kilometres per space while increasing by 7.2% in terms of passenger kilometres. However, due to the progressive exchange of drive systems, the carbon trend values were lower than the energy efficiency trends. HOCHBAHN intends to increase its overall fleet of electric buses to more than 160 vehicles by the end of 2022 and to continue purchasing certified green electricity for them. Adopting the same strategy as for the U-Bahn system, by exclusively purchasing high-quality certified green electricity HOCHBAHN avoids local carbon emissions for this portion of bus drive power.

HOCHBAHN rolling stock

U-Bahn		2021		2020		2019	
Type	Years built	Carriages	Units	Carriages	Units	Carriages	Units
DT1 ¹	1958–59	6	3	6	3	6	3
DT2	1962–66	2	1	2	1	2	1
DT3	1968–71	39	13	90	30	90	30
DT4 ²	1988–2005	504	126	504	126	504	126
DT5	2012–2020	444	148	363	121	327	109
Total rolling stock held ²	Number	995	291	965	281	929	269
	Spaces ³		90,260		88,119		85,239
Total ready for operation		968	282	894	257	902	259

¹ One DT1 unit, with two carriages, is the Hanseat saloon carriage

² Including two units (8 carriages) from Verkehrsgesellschaft Norderstedt mbH

³ Standing room calculated at 0.25m² per person

Bus	2021	2020	2019
City and express buses ¹	581	617	622
Articulated buses ¹	295	314	301
Large-capacity articulated buses ¹	93	93	90
Diesel hybrid articulated buses ¹	20	20	20
Fuel cell battery articulated buses ¹	12	2	2
Fuel cell/hybrid/plug-in buses ¹	23	25	25
Battery-powered buses ¹	82	36	30
All buses			
Number	1,106	1,107	1,090
Spaces ²	91,025	91,583	89,654

¹ Low-floor buses

² Standing room calculated at 0.25m² per person

2.3 Net assets, financial position and results of operations

The Group's position is largely determined by HOCHBAHN, its largest Group company by far.

2.3.1 Results of operations

In 2021, the Group's transport income fell by €370.7 million year-on-year to €351.0 million. This is due in part to the decline in passenger numbers in 2021 compared with the previous year and to a related 3.8% drop in income generated from membership of hvv from €686.4 million to €660.4 million. It is also expected that because of the U3 south ring construction site HOCHBAHN's proportional share determined in the final calculation of the revenue distribution by hvv for the year 2020 will fall from 49.43% to ultimately 48.08%. By contrast, an increase in hvv fares effective 1 January 2021 by an average of 1.4% led to increases in revenue, but only to a comparatively small extent.

Own work capitalised in the 2021 financial year amounted to €33.5 million, up €4.1 million on the prior-year figure of €29.4 million. Other operating income stands at €170.4 million, thus exceeding the prior-year figure of €149.4 million by €21.0 million, due primarily to a €7.4 million increase in subsidies received to €135.8 million. In addition to project-related subsidies, for example for planning services associated with expansion of the U-Bahn network, HOCHBAHN received voluntary relief payments in the amount of €101.9 million from the federal

government and the Free and Hanseatic City of Hamburg for 2021 to compensate for financial losses in local public transport incurred in connection with the outbreak of the coronavirus pandemic. The increase also resulted from the reversal of provisions (€9.3 million) and from adjustments to valuation allowances for doubtful accounts (€5.3 million).

The Group's gross revenue decreased by €2.6 million to €638.5 million in the 2021 financial year.

The cost of materials rose by €30.3 million year-on-year to €210.0 million. This was mainly due to external services purchased for buildings and land for infrastructure measures, higher diesel costs and an increase in IT costs.

Personnel expenses remained virtually constant year-on-year at €377.5 million (previous year: €380.5 million). Lower costs for contributions to the employer's liability insurance association were offset by higher personnel expenses due to collectively agreed pay rises.

Other operating expenses rose slightly in 2021 by €3.1 million to €56.8 million, due in particular to higher promotional expenses in connection with the new market presence of hvv and hvv switch and to commissions for the green bond.

Consolidated net income for 2021 of €0.7 million is at a similar level to the prior-year figure of €0.5 million. EBITDA (earnings before loss absorption, net interest income, taxes, depreciation and amortisation) fell by €32.2 million year-on-year to -€7.6 million.

In 2021, HOCHBAHN's cost coverage ratio fell by 3.9 percentage points year-on-year, from 84.7% to 80.8%.

Annual Group earnings (in € million)	2021	2020	2019
Consolidated net income	0.7	0.5	5.1

HOCHBAHN cost coverage ratio (in %)	2021	2020	2019
Cost coverage ratio	80.8	84.7	90.1

2.3.2 Financial position

The condensed cash flow statement below shows the source and use of financing resources during the 2021 financial year and is presented in line with DRS 21. The investment subsidy payments received by HOCHBAHN are included in cash flow from investing activities on a net basis.

Cash funds as at 1.1.2021	€80.8 million
Cash flows from operating activities	- €124.8 million
Cash flows from investing activities	- €254.9 million
Cash flows from financing activities	+ €537.3 million
Cash funds as at 31.12.2021	€238.4 million

The cash funds as at 31 December 2021 consist of liquid funds (+€238.4 million).

Durable capital goods that cannot be covered by internal financing are generally financed by long-term bank loans. To finance its capital expenditure, HOCHBAHN issued a €500.0 million green bond maturing at the end of 2031 as part of its financing activities in 2021. No further loan liabilities were accrued in 2021.

Liabilities to banks at the end of the financial year were €965.0 million, representing a year-on-year decrease of €98.5 million or 9.3%.

Short-term financing needs are funded from the cash pool of the HGV Group. HOCHBAHN expects HGV to continue providing it with sufficient access to adequate finance in future.

The Group's companies were able to meet their payment obligations at all times during 2021.

As HOCHBAHN is wholly owned by the Free and Hanseatic City of Hamburg via HGV, the supervisory powers of the Free and Hanseatic City of Hamburg together with the control and profit transfer agreement between HGV and HOCHBAHN constitute reasonable assurance for lenders to cover future financing needs by concluding credit agreements.

Capital expenditures

In the 2021 financial year, HOCHBAHN incurred gross capital expenditures (before deduction of subsidies) totalling €327.5 million. Comprising 77.0% of total capital expenditures during the reporting year, the company's investing activities once again focused on U-Bahn operations, including infrastructure, with a volume of €252.2 million. Of this amount, €110.6 million was spent on the procurement of DT5 units, €41.3 million on measures for new U-Bahn construction (extension of the U4 line to Horner Geest, U5 East line), €28.9 million on construction on the south ring of the U3 line, €17.2 million on above-ground construction, €12.1 million on the conversion of U-Bahn stations to enable barrier-free access, €6.4 million on replacement of communications equipment, €4.2 million on replacement of the U1 signal boxes, €2.2 million on optimisation of the signalling system, €1.9 million on construction of the Billstedt U-Bahn workshop, €1.9 million on replacement of escalators and €1.4 million on new construction of halls 1/2c at the Barmbek depot. Further investments in the U-Bahn system involved the refurbishment and extension of existing rolling stock and facilities.

A total of €64.8 million was invested in the bus system, including €47.7 million for the purchase of new buses, €9.7 million for the electrification of bus depots, and €1.1 million for the construction of the Alsterdorf bus depot.

Investments in common facilities totalled €8.3 million, including the purchase of ticket machines (€3.0 million), the purchase of (standard) hardware and software (€1.4 million), the refurbishment of service points (€0.9 million), and the purchase of SAP licenses (€0.8 million).

Investments in financial assets mainly related to the purchase of money market fund shares in the amount of €2.2 million, which serve to finance partial retirement and long-term working hours accounts.

The following table shows a summary over several years:

	2021 € million	2021 % share	2020 € million	2019 € million
HOCHBAHN capital expenditures				
U-Bahn				
New rolling stock and facilities				
DT5	110.6	33.7	63.8	75.9
Construction of new U4 U-Bahn line	29.4	9.0	11.1	8.0
Construction of new U5 U-Bahn line	11.9	3.6	7.7	1.3
Oldenfelde station	0.8	0.3	2.4	8.4
Billstedt U-Bahn workshop	1.9	0.6	6.8	11.9
Existing rolling stock and facilities				
Tracks, trackside equipment, safety installations, construction projects and rolling stock	97.6	29.8	82.6	106.9
U-Bahn subtotal	252.2	77.0	174.4	212.4
Bus				
Rolling stock, fixtures and fittings, facilities and installations at bus depots	64.8	19.8	41.5	105.9
Bus subtotal	64.8	19.8	41.5	105.9
Shared facilities	8.3	2.5	6.9	4.5
Long-term financial assets	2.2	0.7	1.6	1.3
Total capital expenditures	327.5	100.0	224.4	324.1

2.3.3 Net assets

As at 31 December 2021, total assets increased by €444.8 million or 24.0% year-on-year to €2,300.0 million. This was largely due to investments in tangible fixed assets and to the portion of the proceeds from the green bond issued by HOCHBAHN that had not yet been invested, which was reported under other current assets at the reporting date.

At the same time, liabilities to affiliated companies on the liabilities side of the balance sheet increased as a result of financing investments in tangible fixed assets using the HGV Group's cash pool.

The equity ratio fell by 0.7 percentage points year-on-year to 3.0%.

	2021 € million	2021 % share	2020 € million
Assets			
Tangible and intangible fixed assets	1,832.8	79.7	1,626.4
Long-term financial assets	17.3	0.7	15.1
	1,850.1	80.4	1,641.5
Inventories	44.5	1.9	36.4
Trade receivables	25.0	1.1	21.2
Cash	8.4	0.4	80.8
Other current assets and prepaid expenses	372.0	16.2	75.3
	449.9	19.6	213.7
Total assets	2,300.0	100.0	1,855.2
	2021 € million	2021 % share	2020 € million
Equity and liabilities			
Equity/difference from acquisition accounting	68.5	3.0	68.2
Special item for investment grants	292.9	12.7	233.9
Pension provisions	83.2	3.6	87.4
Bonds	500.5	21.8	0.0
Liabilities to banks	965.0	42.0	1,063.5
	1,910.1	83.1	1,453.0
Other provisions	109.0	4.7	125.6
Trade payables	82.4	3.6	41.7
Other liabilities and deferred income	198.5	8.6	234.9
	389.9	16.9	402.2
Total equity and liabilities	2,300.0	100.0	1,855.2

2.4 Financial and non-financial performance indicators

HOCHBAHN uses various performance indicators for the internal management of its corporate goals. From a financial perspective, the company focuses on the earnings before loss absorption, EBITDA and cost coverage ratio performance indicators.

However, as a transport company, HOCHBAHN's success is not measured using economic indicators alone. Non-financial performance indicators also play an important role in HOCHBAHN's long-term development. The key non-financial performance indicators include operating performance, development of passenger numbers and carbon emissions. HOCHBAHN's operating performance is reflected in the number of kilometres per unit in service. It includes the distance travelled when providing transport services, excluding kilometres travelled while empty.

As a result of the paradigm shift from previously providing services on a demand-oriented basis to consistently expanding services, HOCHBAHN will focus on supply-side performance indicators for corporate management in the coming years.

2.5 The Group's employees

The average number of employees in the HOCHBAHN Group fell by 298 compared with the previous year.

	2021	2020
Full-time employees	6,374 (5,512)	6,380 (5,495)
Part-time employees	983 (637)	1,289 (592)
Trainees	171 (135)	157 (123)
	7,528 (6,284)	7,826 (6,210)

(in parentheses = HOCHBAHN)

Collective wage agreement

In light of the outcomes already collectively agreed, the parties to the collective bargaining agreement implemented the remaining negotiation commitments from the arbitration recommendation in 2021 as a final step in the implementation of the arbitration ruling dated 8 December 2020. Among other things, this includes additional measures to reduce the strain on employees relating to factors such as daily maximum working hours and setup times.

The parties to the collective bargaining agreement also agreed a new remuneration system for technical/industrial employees. The transition to this system will take place in the first quarter of 2022 with retroactive effect from 1 January 2022. It will be implemented in two stages in 2022 and 2023.

The parties to the collective bargaining agreement also agreed that drivers in the bus division must not take on any split shifts on Saturdays and Sundays, and clarified that employees should continue to have access to necessary training in accordance with the German Professional Driver Qualification Act (BKrFQG) free of charge during regular working hours.

Negotiations were successfully concluded on 17 December 2021.

Short-time working regulations (COVID collective bargaining agreement)

The term of the collective bargaining agreement governing short-time working at Hamburger Hochbahn AG (COVID collective bargaining agreement) was extended until 31 December 2022.

Vocational training / work-study programmes

In 2021, HOCHBAHN trained an average of 135 trainees and work-study programme students ("dual students") in 19 different roles and study programmes, including nine part-time trainees. The proportion of female trainees and work-study programme students was 25%, while the share of female trainees in technical/industrial apprenticeships was 13.3%.

In autumn 2021, the range of work-study programmes was expanded to include additional positions specialising in building services engineering at the hs21 Buxtehude University of Applied Sciences and engineering and management majoring in logistics and mobility at the Hamburg University of Technology (TUHH). We also began training

two trainees for the new role of information and systems technology electronic engineer, with technical training at the Heinrich Büsing Vocational College in Braunschweig.

Of the 36 trainees and dual students to graduate in 2021, 31 (86%) became HOCHBAHN employees after completing their training. Two of these graduates were named the best in their year by the Hamburg Chamber of Commerce for their training as an operating systems electronics engineer and transport services administrative assistant. This also marked the end of the transport services administrative assistant training course, which has been fully replaced by the dialogue marketing administrative assistant role.

To expand our digital working and learning further, the professional digital study portal from Vocanto was introduced for technical/industrial training in cooperation with the Hamburg Training Centre (Hamburger Ausbildungszentrum e.V. – HAZ). The aim of this portal is to provide interactive support for the preparation and follow-up of theoretical training content as well as a link between educational institutions in the dual system. The first digital Innovation Camp focusing on values and the intergenerational workforce was held in May, with the 2020 and 2019 trainee groups taking part in interactive exercises on virtual boards over two days to imagine what training might look like in the future. Most of the onboarding for the new 2021 intake of trainees took place in digital formats during summer 2021.

Continuing professional education

The personnel development (BP3) unit continued to digitalise continuing professional education at HOCHBAHN during the coronavirus pandemic. As a result, 80% of more than 440 internal seminars and development initiatives for which BP3 is responsible were carried out online during the year under review. The e-learning portfolio was also expanded as ten more web-based training courses on methodology and specialist knowledge were added to the HOCHBAHN study portal. As part of these efforts, Germany's first comprehensive e-learning course on the subject of psychological first aid was completed in partnership with the VDV Academy, the educational arm of the Association of German Transport Companies (VDV), and the German Administrative Professional Association (VBG).

Integration of refugees

Since the successful launch of the refugee project in conjunction with DEKRA and the Jobcenter in 2017, HOCHBAHN has employed 79 of the 140 migrants to have taken part in the training programme so far as bus drivers as of 31 December 2021. One further training course with a total of 13 participants began in 2021. The company plans to continue with additional training courses in 2022.

Diversity

Intergenerational management

The foundations for structured intergenerational management were laid in 2021. These efforts began by taking stock of the existing situation, with various HOCHBAHN units providing information on the extent to which they already integrate intergenerational issues into their work. Three workshops were also held with employees in the 50+, 55+ and 60+ age groups, giving them an opportunity to explain whether the issue of age has an impact on their work. The findings from this stocktaking exercise and workshops will be used to determine HOCHBAHN's main intergenerational management objectives.

AGG process

During the year under review, a formalised complaints process was initially defined in accordance with Section 13 (1) of the German General Act on Equal Treatment (Allgemeines Gleichbehandlungsgesetz – AGG) to enable the company to respond to cases of discrimination. As a next step, this draft will be negotiated with the Works Council in 2022 and should lead to a works agreement.

Mentoring programme

The first eight pairs of mentors and mentees were put together for the mentoring programme pilot. These pairings were determined based on the values and skills of the individuals involved in each case, ensuring that there was sufficient agreement in both of these categories. The pairs will begin their mentoring activities in 2022.

3. Economic position of significant consolidated companies

FFG Fahrzeugwerkstätten Falkenried GmbH

FFG's main tasks comprise the following business units:

Vehicle technology

Besides providing maintenance services for HOCHBAHN's bus fleet, this business unit focuses on general vehicle technology as well as the development, design and production of workshop equipment and special tools for electric buses.

Commercial and technical fleet management

This business unit is charged with the commercial and technical management of HOCHBAHN's bus fleet. It also provides engineering support for the new drive technologies used in HOCHBAHN's buses.

Infrastructure maintenance facilities

This business unit focuses on the maintenance of HOCHBAHN's infrastructure facilities. Operations in 2021 were dominated by restructuring measures that became necessary after HOCHBAHN discontinued its elevator systems business in 2020.

FFG provides its services at seven locations:

- Main workshops at Lademannbogen 138/139
- The Langenfelde, Wandsbek, Alsterdorf, Harburg (including Harburg 2), Billbrookdeich and Süderelbe bus depot workshops

The investments made in the reporting year mainly entailed capital expenditure for new machines and machinery, and operating and office equipment.

As in previous years, the company continued to focus on becoming more competitive in the 2021 financial year. Continuous improvement processes, active controlling and quality management, and concentrating on core competencies have ensured sustained competitiveness.

FFG is included in HOCHBAHN's risk and opportunity management system (ROM). At present, there are no discernible material risks that could jeopardise the company's continued existence as a going concern.

HOCHBAHN has been testing buses with various new drive concepts for several years. Since 2020, HOCHBAHN has exclusively procured emission-free buses. This strong focus of HOCHBAHN has enabled FFG to develop the workshop and engineering skills required for this topic at an early stage. FFG therefore continues to see the further technical development of the vehicles, particularly with regard to new zero-emissions drive technologies and the related opportunities for marketing the specific expertise thus acquired on the external customer market, as a special opportunity to ensure competitiveness going forward. Market opportunities for generating additional revenue and earnings are seen particularly in the combined marketing of FFG's expertise in productive workshop operation and designing special tools for electric buses.

The financial year closed with net income (before profit transfer) of €1,558 thousand (previous year: €1,591 thousand).

TEREG Gebäudedienste GmbH

TEREG provides cleaning services, including facility cleaning services, building redevelopment services and technical services.

Performance in the individual lines of business was mixed.

The renovation of buildings generated sales comparable to the previous years (including changes in inventories, -€386 thousand). Earnings, however, increased significantly year-on-year (+€196 thousand).

The technical services business was also able to maintain roughly the same level of sales as in the previous year (-€544 thousand). After the strategic realignment for this area had already been completed in 2020, earnings saw a significant increase in the reporting year (+€442 thousand).

Facility cleaning services were heavily impacted by the strategic separation of revenue, resulting in a sharp year-on-year drop in sales in the reporting year (-€5,794 thousand). The business still turned a profit, which was even slightly higher than the previous year (+€17 thousand).

The return on sales based on earnings before taxes came to 4.0%, up 2.2 percentage points on the prior-year level.

The company is included in HOCHBAHN's risk and opportunity management system.

At the end of 2020, TEREK completed the strategic realignment resolved by the Supervisory Board in December 2019. The goal of realignment, to be able to bid for contracts in-house, was achieved as of 1 January 2021. The company had to part with a large volume of (profitable) sales to achieve this goal. At the same time, the ability to bid for contracts in-house will unlock potential for development in the future. The expected impact on administrative areas due to the scaling back of the operating business has been managed.

The financial year closed with net income (before profit transfer and guaranteed dividend) of €1,412 thousand (previous year: €722 thousand).

HSG Hanseatische Siedlungsgesellschaft mbH

This company's task is to provide housing for employees of HOCHBAHN and its subsidiaries. The company manages its own portfolio of 15 commercial units and 2,041 residential units, which are available to employees of the HOCHBAHN Group. The company is therefore the HR management arm of the HOCHBAHN Group. Furthermore, the company will help to improve HOCHBAHN's economic position by contributing appropriate income from investments.

The company also continued to pursue its policy, which is geared towards sustainable, long-term growth, in 2021 under the prevailing conditions. The aims are to provide cost-effective housing, to preserve and improve the properties while ensuring economic viability, and to generate appropriate investment income for HOCHBAHN.

The company is included in the HOCHBAHN Group's risk and opportunity management system. At present, there are no discernible risks that could threaten the company's continued existence as a going concern.

The percentage of apartments vacant for more than one month is 0.41% (previous year: 0.43%). The share of apartments that were vacant for more than three months is 0.09% (previous year 0.17%). Target rents increased by €246 thousand year-on-year to €12,047 thousand (previous year: €11,801 thousand), mainly due to rent increases. The financial year closed with net income before profit transfer of €2,652 thousand (previous year: €2,494 thousand).

HHW Hamburger Hochbahn-Wache GmbH

Hamburger Hochbahn-Wache GmbH (HHW) is tasked with ensuring the safety of passengers and staff and with monitoring HOCHBAHN's operating facilities and installations. HHW is also responsible for conducting ticket inspections in HOCHBAHN's buses and trains, including post-processing.

Under corresponding contracts, additional security services are provided for Zentral-Omnibus-Bahnhof "ZOB" Hamburg GmbH (ZOB) and HADAG Seetouristik und Fährdienst AG (HADAG), and technical monitoring services for P+R-Betriebsgesellschaft mbH (P+R) and HADAG.

A total of 345,361 hours (previous year: 357,630) were worked in security services and 121,426 hours (previous year: 121,813) in ticket inspection services. Of the hours worked in security services, 132,768 (previous year: 125,426) hours were for provision of basic security services and 212,593 (previous year: 232,204) hours were for extra security services.

The risk and opportunity management is mapped through the risk inventory and the findings are periodically compiled. One of the main risks to future development is if FHH reduces or terminates its subsidies.

Based on existing contracts, costs incurred by HHW are billed at agreed hourly rates, giving net income before profit transfer of €58 thousand (previous year: €233 thousand). The hourly rates agreed with HOCHBAHN have a significant influence on net income for the year, while the hourly rates for the extra security services provided for FHH merely cover costs.

4. Report on expected developments and on opportunities and risks

4.1 Report on expected developments

The ongoing coronavirus pandemic is causing major changes to the wider economic environment. It is not yet possible to quantify its impact on the 2022 financial year. The forecasts and target figures stated below are based on the business plan for 2022 approved by the Supervisory Board on 16 December 2021.

The company's wide-ranging investments will focus on expanding infrastructure in 2022. In close collaboration with the City of Hamburg and hvv, the aim will be to broaden the Hamburg-Takt local public transport strategy, expand the hvv switch network and boost online sales. The company expects to continue the U4 extension project and construction of the new U5 line as well as regular maintenance of the route network, bridges and tunnels and the expansion and enlargement of depots as planned.

HOCHBAHN expects to see an improvement in average demand for 2022 versus 2021. While current estimates suggest that demand could reach 80% of the figure for 2019, the year preceding the coronavirus pandemic, the actual demand trend is still uncertain and will be impacted by the ongoing development of the coronavirus pandemic. There are several factors affecting the development of demand. These include changes in mobility patterns resulting from increased use of remote working and fewer trips taken for leisure purposes due to the possibility of continued restrictions on sporting, recreational and cultural events. From today's perspective, HOCHBAHN considers these estimates and assumptions to be appropriate. However, the actual demand experienced by HOCHBAHN could differ considerably in 2022.

Hamburg-Takt: Mobility transformation necessitates expansion of bus infrastructure and on-demand transport services

The aim of the "Hamburg Takt" local public transport strategy is to encourage people in Hamburg to do without their cars and travel from A to B in a climate-neutral, space-saving way that conserves resources for the good of everyone in the city. After running the first

three major service campaigns on Hamburg's local public transport network between 2018 and 2021, it is now necessary to expand the infrastructure accordingly for further service campaigns from the mid-2020s onwards. Equipping bus depots for electromobility requires additional space for charging infrastructure, making it essential to expand bus infrastructure for the existing fleet alone. The expansion of this offering and the associated enlargement of the bus fleet also means that additional depots are required across the city. As a result, the new Meiendorf depot will open by the mid-2020s. At the same time, plans are currently being drawn up for the Veddel bus depot.

With regard to mobility transformation, the company is currently working with the city to establish how Hamburg's road space can be expanded in a way that favours environmentally friendly modes of transport. There is general agreement that bus lanes and changes to traffic light systems in favour of local public transport are key transport policy initiatives that will ensure the performance of bus services while at the same time achieving the objectives of the Hamburg-Takt strategy.

To encourage even more people in Hamburg to use local public transport, additional products and services offering a similar level of comfort and flexibility to that of cars will be essential. MOIA's announcement that it will be operating autonomous on-demand shuttles in Hamburg from the mid-2020s and the successful pilot of ioki, another on-demand shuttle service, in the city are important building blocks in this area. HOCHBAHN is now ramping up its commitment here by working closely with MOIA to develop specific joint proposals for implementing the "Hamburg Takt" strategy by 2030 and integrating on-demand transport services into the public mobility offering so that people anywhere in Hamburg can access mobility services within five minutes.

Barrier-free upgrading of U-Bahn stations

Providing people with limited mobility with access to local public transport is of particular concern for the Senate of the Free and Hanseatic City of Hamburg and HOCHBAHN. In light of this, the Free and Hanseatic City of Hamburg launched a programme to accelerate upgrades in this area in 2011. As part of this programme, 40 U-Bahn stations have already been upgraded to allow barrier-free access by the end of 2019. Eighty-four of the 93 stations in the U-Bahn network were barrier-free by the start of 2022. This equates to an upgrade rate of 90%.

Two stations, Mönckebergstraße and Rathaus, are currently being renovated or expanded to become barrier-free. Work to upgrade the platforms at both of these stations began at the end of January 2021 as part of a service interruption on the U3 U-Bahn line lasting approximately 14 months. The two stations are expected to become barrier-free in 2022.

The planning permission application for the Messberg station was submitted to the Department of Economic Affairs and Innovation (BWI) in July 2021. The company has received confirmation of funding for this construction work, which is scheduled to begin in early 2023.

The planning approval process is currently underway for the Alsterdorf and Hudtwalckerstraße stations, while confirmation of funding for the construction work has already been received. Construction is scheduled to start in spring 2022. Building work on the platforms at these stations is scheduled to take place in summer 2022 as part of a service interruption lasting several weeks.

Confirmation of funding for design and approval planning have been received for the Saarlandstraße and Sierichstraße stations, and the draft plans are currently being prepared. Construction is scheduled to start in 2024.

U-Bahn network expansion

In line with its customer-centric, demand- and supply-oriented approach, Hamburg is aiming to develop its local public transport network primarily by expanding the existing rapid transit and regional rail network. The following U-Bahn network expansion measures were being prepared at the turn of 2021/2022:

- Construction of a new U3 station at Fuhlsbüttler Straße
- Extension of the U4 line to Grasbrook
- Expansion of the U4 line to Horner Geest
- Construction of a new U5 line from Bramfeld to the Volkspark arenas

The application for funding for the determination of planning content, preliminary planning and design planning has been approved for the construction of the new Fuhlsbüttler Straße station on the eastern branch of the U3 U-Bahn line between the Barmbek and Habichtstraße stations. Corresponding contracts have been awarded. The planning content and preliminary planning are now complete, and a preferred option has been identified. A second citizen participation event was held online at the end of October 2021 due to the coronavirus pandemic. The results of the preliminary planning and the preferred option were presented and discussed at this event.

With regard to the project to extend the U4 line to Grasbrook, HOCHBAHN was notified in April 2020 of the decision to award a grant totalling €4.4 million for planning services up to the preliminary planning stage. Due to the huge importance of the planned route for urban development, a preliminary architectural design competition for engineers and architects will take place. The aim of the competition is to develop a basic variant that optimally implements the line's integration into the new district from a technical, design and economic perspective. The architectural design competition is scheduled to be completed by the end of 2022 and the preliminary planning by mid-2023.

Work to extend the U4 line to Horner Geest continued according to plan in the fourth quarter of 2021. Excavation work on Section 1 (Horner Rennbahn station and junction) continued, while the first bottom slabs were concreted at the site of the new Horner Rennbahn station. Preparatory work for the construction of the new Sandkamp kindergarten, which is being relocated due to extensive tunnel work, was completed. The new kindergarten is scheduled for completion in May 2022. Acceptance of the project remains significant among local residents despite the noise generated and the series of diversions caused by construction work.

Discussions with bidders on the tender for structural work on Section 2 (Junction – Horner Geest terminus) published in June 2021 were completed in the second half of the year, and the contract was awarded at the turn of the year 2021/2022. Construction work on Section 2 is scheduled to start in the second half of 2022.

These plans had to be revised to give additional consideration to the bicycle traffic on Manshardtstraße. The preliminary road environment investigation required for these revised plans is being carried out by the Department of Transport and Mobility Transformation and is likely to be presented in the first half of 2022. The overall budget situation is considered to be tight yet sufficient.

Planning for the construction of the new U5 U-Bahn line continued during the reporting year.

Planning permission for the U5 East planning segment was granted on 30 September 2021. The final deadline for filing objections was 15 December 2021. Eight objections to the planning permission were still outstanding at the end of January 2022. According to current estimates, all parties are willing to negotiate to find mutually acceptable solutions.

Preliminary construction work (such as tree felling and explosive ordinance detection) along the U1 U-Bahn line began in early October 2021. Construction of cable brackets (relocating cables in the areas around City Nord, Sengelmannstraße, Barmbek Nord and Bramfeld) began in March 2022. Additional work also began along the U1 U-Bahn line at this time as part of a line closure.

After a public appeal, the final names for the new stations on the U5 East line were confirmed at the end of 2021 as City Nord, Barmbek Nord, Steilshoop and Bramfeld.

Implementation plans are being drawn up in parallel and tenders prepared for both the preparatory and main works. Further work is scheduled to begin in 2022.

The U5 East line project is still within budget.

Preliminary plans for the U5 Central planning segment (City Nord – Innenstadt – Arenen) relating to costs and construction workflows are being optimised further. This process is largely complete for the City Nord – Jarrestraße section. Preliminary plans in other areas are expected to be completed by the end of 2022.

Confirmation of funding for design and approval planning on the section between City Nord and Jarrestraße (project name “U5 Mitte.1000”) was issued at the start of November 2021. Work to draft tender documents for the City Nord to Jarrestraße section continued, with these documents sent to bidders in early February 2022. The planning process is set to start in mid-2022, with the aim of submitting an application for planning permission in mid-2024.

An application for federal funding under the Local Authority Public Transport Financing Act (Gemeindeverkehrsfinanzierungsgesetz – GVFG) is being prepared for the U5 U-Bahn line. The aim is to submit this application during the course of 2022. The preparation and submission of this application is also dependent on the updates to the standardised assessment procedure currently being made by the Federal Ministry for Digital and Transport (BMDV). HOCHBAHN and the Free and Hanseatic City of Hamburg expect these updates to result in higher achievable product funding rates.

On 1 April 2022, preparations for the U5 U-Bahn line project were transferred to a project company as a fully-owned subsidiary of HOCHBAHN. This company operates on behalf of and for the account of HOCHBAHN. All those working on the project will also move from HOCHBAHN to the project company.

hvv switch project

The 2021 reporting year was dominated by the further development and expansion of HOCHBAHN's mobility platform. A total of three new mobility providers were integrated into the platform: car sharing services SIXT share and MILES, and e-scooter sharing provider TIER. The pilot for a digital mobility budget was also implemented and tested in late summer 2021, enabling companies to provide their employees with a mobility budget for private use. As part of the ITS World Congress in October 2021, the company also presented and tested a prototype of the new Check In/Be Out (CIBO) functionality provided via the hvv switch app.

The hvv switch points offering was also comprehensively developed in 2021. The hvv switch points were integrated into the mobility platform, enabling users to access information on locations, available vehicles and free parking spaces via the hvv switch app. The number of hvv switch points was also steadily increased and the development of charging infrastructure continued.

The activities planned for 2022 should continue the implementation success from the previous year. For example, another payment method – credit card – is available on the hvv switch app from spring onwards, demonstrating how HOCHBAHN is taking the changing needs of its customers into account. Additional mobility providers will also be integrated into the mobility platform during the course of 2022, including WeShare, a provider offering an entirely electric vehicle fleet, and the StadtRAD bicycle rental service. The growing number of mobility options on the hvv switch app means that the company can also offer users additional information functions. 2022 will also see the launch of the aforementioned Check In/Be Out system (“hvv Any”) and the mobility budget. The company will continue to push ahead with the expansion of hvv switch points during 2022. One particularly noteworthy development here is the implementation of a major hvv switch point at Hamburg Airport in Fuhlsbüttel equipped with comprehensive charging infrastructure.

E-Bus system

The fleet of electric buses grew to 100 by the end of 2021. The charging infrastructure at the Hummelsbüttel (Carport 1) and Alsterdorf (Carport 3 and 4) depots was put into operation as planned. Construction of the fully electric bus depot at Meiendorf will begin in 2022, and is expected to begin operating at the start of 2025. The company has applied for €97.3 million in federal funding via the BMDV’s “Bus Market Activation” project for the procurement of 289 buses and corresponding charging infrastructure as well as 481 charging units by 2025, together with supporting systems. HOCHBAHN is collaborating with Helmut Schmidt University, Stromnetz Hamburg GmbH and the Hamburg University of Technology (TUHH) in Harburg on a project entitled “Coordination function of the distribution network and load management for electrified passenger transport”. This project aims to examine the potential of a flexibly scheduled electricity supply to charge HOCHBAHN’s electric buses at the Alsterdorf depot. An application for federal funding (HOCHBAHN share: €2.3 million) has been submitted for this project.

Sustainable capital market instruments

HOCHBAHN expects to invest almost €2.5 billion in vehicles and in network expansion and modernisation projects in the medium term between 2022 and 2025 to achieve the objectives of the Free and Hanseatic City of Hamburg’s Climate Plan and implement the mobility transformation. After taking grants into account, the company plans to borrow more than €1.4 billion in the medium term. Additional investments amounting to billions of euros are likely to be needed by 2030.

By issuing its green bond in February 2021, HOCHBAHN took a first major step towards funding its massive future investment plans and diversifying its financing portfolio. The success of this first issuance has encouraged the company to aim for further issues in the future, with ratings agency Fitch giving the bond its highest rating of AAA in late summer 2021. As well as issuing bonds, however, additional forms of debt financing will be required to expand the portfolio.

Expected future development of earnings

For the 2021 financial year, the Group’s net income after absorption of losses was expected to be on a par with the previous year. This goal was achieved in 2021 with net income of €0.7 million compared to net income of €0.5 million in the previous year.

For 2022, the Group expects that net income after absorption of losses will be at the same level as net income in 2021.

4.2 Risk report

Risk and opportunity management

The procedure for the identification, assessment, management and communication of risks and opportunities arising from the company's business activities is regulated by HOCHBAHN's risk and opportunity management (ROM) system.

To enable focused risk and opportunity management, the key principles are defined by the Management Board of HOCHBAHN, taking into account statutory requirements, and implemented throughout the Group. These principles are described in the internal ROM manual, regularly reviewed and updated as necessary. The central goal of the ROM is to recognize essential and existence-threatening risks at an early stage and to control them effectively. The Management and Supervisory Boards are regularly informed about the results of ROM inventories.

The ROM Manual defines risks and opportunities as follows: "Potential future trends or events that might result in a departure from forecasts or goals that is negative (risk) or positive (opportunity) for the entity." Risks include the potential occurrence of an economic loss or a disadvantage as well as the negative deviation from the approved budget. Opportunities represent a potential economic gain or advantage and a positive deviation from the budget.

When assessing risks and opportunities, the impact of each risk or opportunity is classified as low (€1-5 million deviation from budget), medium (€5-10 million) or high (more than €10 million). The probability of occurrence is specified as improbable, possible or probable. Material risks are defined as those with a medium to high impact and a possible or probable occurrence. The net position is used to determine the impact.

To the extent this is possible, the same instruments and processes are used for the treatment of risks and opportunities during the inventory processes. The standard assessment period is the next twelve months. Specific rules are applied to risks and opportunities that occur outside this period. Any offsetting of risks and opportunities is excluded.

Risks

Various risks for HOCHBAHN are highlighted below, together with an explanation of the overall risk position as at the end of 2021:

Coronavirus pandemic

As in the whole of 2021, the pandemic was still very much present in public life at the start of 2022. Although the situation has calmed down at a high level, further developments are very difficult to predict. This situation represents a tremendous challenge for companies like HOCHBAHN who form part of critical infrastructure. They provide indispensable services to the public during the pandemic, even though they themselves could be seriously affected by high levels of illness-related absences in particular.

At the start of the pandemic, the Department of Transport and Mobility Transformation (BVM) decided to maintain a substantial part of the metropolitan region's local public transport service.

In order to remain operational and continue to make key short-term decisions even amid dynamic infection rates, the internal operations and crisis team set up at the outbreak of the pandemic has been very important. HOCHBAHN's key units and investments are represented on this team. Where necessary, the crisis team rapidly develops measures designed to minimise the risk of infection for passengers and staff on our vehicles and within the infrastructure required for our operations and ensure a stable U-Bahn and bus service.

Taking these circumstances into account, the potential material risks arising from the coronavirus pandemic and the measures defined to manage these risks are outlined below:

- The main risk is that the company does not generate its planned fare income due to the dynamic development of the pandemic. New, more transmissible variants of the virus could also lead to a changed assessment of the situation in the short term that was difficult to predict during the planning process. To avoid exposing themselves to the risk of infection, many people are not using local public transport services as much as planned. In addition, limited leisure opportunities resulting from the pandemic as well as remote working arrangements and increased use of bicycles could mean that passenger numbers do not reach planned levels.

According to the latest forecasts, hvv expects lower income within the transport region for 2022. This estimate has significant implications for HOCHBAHN, which currently expects a revenue shortfall of €40 million that is not included in planning. A planning update is being prepared to manage this risk, which will increase the net loss for the year and the earnings offset required. The corresponding update must be approved by the Supervisory Board.

- The absence of a larger number of bus and U-Bahn drivers due to illness may make it impossible to maintain a stable service. The same is true of employees in service operations and the workshops. Increased staff absences could require the company to reduce its service, something that has already been implemented by other local public transport companies. During the previous year, HOCHBAHN implemented appropriate strategies in the workshops to ensure that they remain operational as effectively as possible. A higher number of employee absences would therefore result in lower fare income and hvv allocations.

In light of this, HOCHBAHN began offering vaccinations to all employees at work in mid-2021. There was strong demand for and uptake of this offer from the very start. To prevent infections among its employees, the company has had remote working arrangements in place since the start of the pandemic for those who can work from home without limitations.

As a further way of reducing the risk of infection, HOCHBAHN began working with affiliated company Verkehrsbetriebe Hamburg-Holstein GmbH (VHH) to equip all buses with antiviral filters. These filters protect passengers and staff from infection, as the filters are able to reduce the amount of harmful viruses in the air by 99%. This, together with the FFP2 mask requirement currently in force on the hvv network, the “3G” Covid rules applicable in Germany (i.e. people either must be vaccinated, have recovered from an infection, or show a negative Covid test), and the constant exchange of air at bus stops, means there is a high degree of protection against infection. VHH and HOCHBAHN have a combined fleet of more than 1,700 buses.

- The risk of an interruption in the supply chain for spare parts, for example due to a lack of electronic components or supply shortages affecting raw materials (e.g. for the manufacture of Adblue), could prompt the company to reduce its schedule if it were unable to keep a sufficient number of vehicles operational. To prevent this from happening and keep U-Bahn rolling stock and buses operational, the company stockpiled additional supplies of certain spare parts.

The aforementioned issues represent potential risks to planning for 2022. Any risks that occur, either as individual events or in combination, are expected to have a significant impact.

Developments on the commodity markets – price risks

Without taking pandemic risks into account, there is currently an increased focus on the procurement side when it comes to the ordinary risk and opportunity management inventory. As a result of its purchasing strategy, the company was able to fix its electricity costs for the coming year. On the other hand, volatile commodity markets and surging inflation rates could have a significant adverse impact on HOCHBAHN, particularly with regard to diesel, steel and construction materials, that exceeds expectations if the stockpiles that have been built up, albeit only to a limited extent, prove to be insufficient.

The Ukraine crisis has triggered considerable upheaval in global (commodity) markets. Based on current diesel prices (as of mid-March), there is the potential for additional expenses totalling approximately €20 million that were not previously included in planning. Likewise, highly volatile purchase prices for construction materials could generate up to €2.4 million in additional costs. The risks of supply chain interruptions have not been priced in here.

Insufficient increase in hvv fare

The hvv fare and fare structure are adjusted each year to reflect the general cost trend. An average fare adjustment of 1.3% was introduced on 1 January 2022. Under the conditions caused by the pandemic, the previous fare update process based on indexing and structural supplements has been suspended. The current system is based solely on the average rate of inflation over recent years. This procedure means that HOCHBAHN's actual cost increases, including those for fuel and staff, are not sufficiently covered and are causing the net loss to rise. The impact of this update on earnings is classified as moderate.

Impact of construction work

At present, several construction sites across the Hamburg rapid transit and regional rail network are adversely impacting operations. This applies to HOCHBAHN's U-Bahn infrastructure as well as the S-Bahn network, which is owned by Deutsche Bahn. These construction projects, some of which are very challenging and scheduled to last several years, will result in a reduced transport service and/or the complete suspension of services on affected sections of track. The majority of these projects affect Hamburg city centre. It is not always possible to reliably predict how these construction works will impact passenger numbers.

The main effects of these projects on demand are included in planning. Delays cannot be ruled out due to the complexity of the projects in question. These include short-term delays to construction work, a lack of or insufficient replacement bus services, as well as customer behaviour that does not meet expectations. This could result in lower hvv fare income and allocations to HOCHBAHN. The impact of these construction projects on earnings is classified as low.

Interest rate changes

In March 2022, the US Federal Reserve announced its first interest rate hike, raising rates by 25 basis points. From today's perspective, experts expect interest rates to climb as high as 1.9% in the US dollar area by the end of the year. This step marks a departure from the Fed's previous zero interest-rate policy. Although the ECB has rejected such considerations so far, interest rate hikes are expected in the eurozone within the next 12 to 24 months.

A rise in interest rates would result in additional expenses for short-term borrowings and new long-term loans and would cause the net loss to increase. A rate hike will have no impact on existing loans as HOCHBAHN has secured a fixed interest rate in many cases. A rise in interest rates would make it more expensive for HOCHBAHN to service its debt for potential additional bonds (green bonds).

The occurrence of the risk of higher interest expenses is classified as low to moderate yet possible for the standard assessment period. A weak annual impact is expected in the event of rising interest rates.

Ratings changes

The Fitch ratings firm gave HOCHBAHN, as a direct holding of the Free and Hanseatic City of Hamburg, its highest rating of AAA on 21 September 2020 and again on 17 September 2021. Among other things, this rating enables HOCHBAHN to obtain liquid funds in the capital markets as an issuer of bonds.

Any possible reasons for a rating downgrade could lie outside of HOCHBAHN's sphere of influence. As a result, a downgrade could contribute to HOCHBAHN being unable to issue bonds or, if they do, only being able to issue them on significantly less favourable terms. The risk of a downgrade is classified as unlikely to occur. If this risk were to occur, it would have a high medium-term impact.

Summary of risk position

Two regular risk and opportunity management (ROM) inventories were conducted within the Group during the reporting year. There were no ad-hoc notifications for sudden and unexpected material risks. HOCHBAHN identified 74 risks by year-end 2021. Of this total, 23 were associated with customer/supplier relationships, 22 with technology and organisation, 14 were attributable to market issues, 13 to general conditions and two to Group-related issues. In its autumn inventory, the Group focused on identifying and assessing risks relating to the pandemic. The total figure includes five pandemic risks.

HOCHBAHN's overall risk position improved compared to the previous year. This improvement is largely due to less grave assessments of the risks posed by the coronavirus pandemic, which was significantly more serious at the same time in the previous year. Without taking pandemic risks into account, the results of the ordinary risk and opportunity management inventory also show an improved risk situation.

The risks identified do not threaten the continued existence of HOCHBAHN either individually or as a whole. From today's perspective, there are also no developments discernible that can pose going-concern risks in the medium term, either.

The risks represent a snapshot of the current position and above all are an excerpt from the ROM inventory conducted as of the end of 2021.

4.3 Report on opportunities

Local public transport rescue package

In its coalition agreement, the new German federal government agreed to set up a local public transport rescue package for 2022 to compensate for the revenue shortfall experienced by transport companies as a result of the pandemic. Corresponding support packages were previously handed out by the previous government in 2020 and 2021. HOCHBAHN was granted funds totalling €102 million for 2021. If the rescue package for public transport is structured in a similar way as in previous years, this creates a significant opportunity for HOCHBAHN to record a lower net loss than planned.

Strategic opportunities

With an updated Climate Plan and the introduction of the new Climate Protection Act, the Senate of the Free and Hanseatic City of Hamburg has made climate action one of its key objectives. By pursuing an approach focused on integrated mobility solutions, HOCHBAHN is making a major contribution to achieving these goals and taking the opportunity to position itself even more clearly within the market.

In addition, the profound transformation in mobility culture is increasingly enhancing the appeal of an integrated local public transport network. People are becoming more and more aware of the need to make sustainable mobility decisions and protect the environment. As a result, there is also a growing interest in emission-free movement and shared mobility services.

The ongoing process of digitalisation offers HOCHBAHN an opportunity to attract new customers and retain existing customers with attractive products and services. Passenger requests and requirements can be identified more accurately by analysing e-ticket sales and their use, for example, while work processes can be made more efficient to save costs.

Technological progress is also helping to establish and spread on-demand and sharing models. By introducing new technologies and experimenting with innovative projects such as autonomous driving, HOCHBAHN is promoting mobility that is fit for the future. HOCHBAHN expects attractive new mobility services and the increasing integration of mobility to reduce the barriers to switching from private cars to local public transport.

While new technologies and trends are rapidly developing in the mobility market, there is, more importantly, a growing readiness among lawmakers to invest more heavily in expanding the local public transport network and fundamentally upgrading its infrastructure. Accelerated planning processes, higher funding rates and a more robust increase in funds, as well as numerous projects to promote environmentally friendly modes of transport are just some of the ways in which the federal government, City of Hamburg and transport companies can work together to make the mobility transformation a reality.

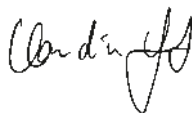
Hamburg, 7 April 2022

Hamburger Hochbahn Aktiengesellschaft

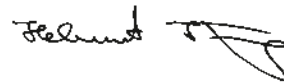
The Management Board



Henrik Falk



Claudia Güsken



Helmut König



Jens-Günter Lang

Market opportunities

As a result of a steady influx of new residents to the Hamburg metropolitan area that is expected to continue in future, HOCHBAHN benefits from generally favourable market development and advantageous conditions for expanding its transport services and products. The rising number of commuters offers greater potential for local public transport use and an increase in the corresponding share of the modal split comprised by local public transport.

HOCHBAHN is ensuring that new residential and commercial districts are connected to the local public transport network in line with the Senate's housing policy. Designing low-traffic districts is also becoming increasingly important. This could allow the company to acquire new customers and test innovative mobility concepts. Finally, the extension of the U4 U-Bahn line to Horner Geest and Kleiner Grasbrook as well as the planned construction of the new U5 U-Bahn line is opening up other areas of the city with high demand potential and making them more accessible.

GROUP MANAGEMENT REPORT

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Consolidated income statement

of Hamburger Hochbahn Aktiengesellschaft for the period from 1 January to 31 December 2021

(€)	Note	2021	2020
1. Sales	(14)	432,986,627.42	463,301,607.68
2. Increase in inventories of finished goods and work in progress		1,664,390.26	-996,190.54
3. Other own work capitalised		33,481,292.07	29,410,597.86
4. Other operating income	(15)	170,376,866.02	149,424,082.41
5. Gross revenue		638,509,175.77	641,140,097.41
6. Cost of materials			
a) Cost of raw materials, consumables and supplies, and of purchased merchandise		93,304,900.89	85,304,506.70
b) Cost of purchased services		116,743,052.15	94,438,121.17
		210,047,953.04	179,742,627.87
7. Personnel expenses:	(16)		
a) Wages and salaries		312,441,843.41	309,890,933.78
b) Social security, post-employment and other employee benefit costs		65,104,629.38	70,643,087.33
		377,546,472.79	380,534,021.11
8. Depreciation, amortisation and write-downs:	(17)		
a) of intangible and tangible fixed assets		120,941,331.90	110,454,359.30
b) of current assets, to the extent that these exceed normal depreciation and amortisation in the corporation		104,963.51	4,257,647.37
		121,046,295.41	114,712,006.67
9. Other operating expenses	(18)	56,758,199.83	53,705,621.38
10. Investment income	(19)	1,169,555.98	802,867.69
11. Net interest expense	(20)	-21,023,297.06	-22,789,954.65
12. Expenses for loss absorption		1,689,159.72	2,021,457.33
13. Taxes on income		-98,354.17	-77,658.13
14. Earnings after taxes		-148,531,000.27	-111,640,382.04
15. Other taxes		-1,269,436.89	-1,305,862.39
16. Income from loss absorption		150,496,740.63	113,440,744.58
17. Consolidated net income for the financial year		696,303.47	494,500.15
18. Minority interests in profit	(21)	-528,291.66	-417,145.10
19. Consolidated retained losses brought forward		-108,261,328.42	-108,342,616.10
20. Withdrawals from other Group revenue reserves		1,646.67	3,932.63
21. Consolidated net accumulated losses		-108,091,669.94	-108,261,328.42

Consolidated balance sheet

of Hamburger Hochbahn Aktiengesellschaft as at 31 December 2021

ASSETS (€)	Note	31.12.2021	31.12.2020
A. Fixed assets	(5)		
I. Intangible fixed assets			
1. Purchased concessions, industrial and similar rights and assets		4,691,875.00	2,321,918.00
2. Prepayments		20,127,773.86	18,244,013.59
		24,819,648.86	20,565,931.59
II. Tangible fixed assets			
1. Land, land rights and buildings, including buildings on third-party land		426,724,110.58	413,911,534.00
2. Technical equipment and machinery		1,136,535,238.85	955,785,187.21
3. Other equipment, operating and office equipment		37,426,813.03	36,749,947.70
4. Prepayments and assets under construction		207,260,883.58	199,458,594.56
		1,807,947,046.04	1,605,905,263.47
III. Long-term financial assets			
1. Shares in affiliated companies		1,894,215.31	1,894,215.31
2. Investments in associates		76,712.16	76,712.16
3. Other long-term equity investments		117,612.09	117,612.09
4. Long-term securities		15,201,966.69	12,996,624.47
		17,290,506.25	15,085,164.03
		1,850,057,201.15	1,641,556,359.09
B. Current assets			
I. Inventories			
1. Raw materials, consumables and supplies		38,201,616.25	31,839,552.90
2. Work in progress, unfinished services		6,249,021.90	4,612,341.06
3. Prepayments		0.00	1,101.60
		44,450,638.15	36,452,995.56
II. Receivables and other assets	(6)		
1. Trade receivables		24,950,231.22	21,152,330.62
2. Receivables from affiliated companies		1,638,811.35	1,492,571.39
3. Receivables from other long-term investees and investors		2,290,090.61	261,847.03
4. Receivables from the Free and Hanseatic City of Hamburg		338,607,276.45	45,279,873.22
5. Other assets		20,326,009.98	23,096,433.51
		387,812,419.61	91,283,055.77
III. Cash in hand, bank balances		8,435,393.73	80,785,055.05
		440,698,451.49	208,521,106.38
C. Prepaid expenses		9,269,014.03	5,141,651.34
		2,300,024,666.67	1,855,219,116.81

EQUITY AND LIABILITIES (€)	Note	31.12.2021	31.12.2020
A. Equity			
I. Subscribed capital	(7)	88,938,200.00	88,938,200.00
II. Capital reserves		73,050,144.94	73,050,144.94
III. Revenue reserves	(8)		
1. Statutory reserve		4,124,005.57	4,124,005.57
2. Other revenue reserves		9,400,442.54	9,402,089.21
		13,524,448.11	13,526,094.78
IV. Consolidated net accumulated losses	(9)	-108,091,669.94	-108,261,328.42
V. Adjustment item for minority interests		1,029,941.90	918,795.34
		68,451,065.01	68,171,906.64
B. Special item for investment grants	(10)	292,921,735.22	233,915,008.81
C. Provisions	(11)		
1. Provisions for pensions and similar obligations		83,230,826.00	87,422,425.00
2. Other provisions		109,001,686.57	125,546,095.29
		192,232,512.57	212,968,520.29
D. Liabilities	(12)		
1. Bonds		500,530,821.92	
2. Liabilities to banks		965,014,639.36	1,063,473,922.56
3. Prepayments received on orders		1,312,494.50	900,000.00
4. Trade payables		82,350,285.51	41,740,909.04
5. Liabilities to affiliated companies		175,872,564.29	210,212,970.41
6. Liabilities to other long term investees and investors		0.00	55,018.59
7. Other liabilities		20,728,236.12	23,203,912.70
		1,745,809,041.70	1,339,586,733.30
E. Deferred income		553,172.72	519,808.32
F. Deferred tax liabilities	(13)	57,139.45	57,139.45
		2,300,024,666.67	1,855,219,116.81

Consolidated statement of changes in fixed assets

of Hamburger Hochbahn Aktiengesellschaft for 2021

€ thousand						Cost
	Balance on 01.01.2021	Additions	Disposals	Reclassi- fications	Balance on 31.12.2021	
I. Intangible fixed assets						
1. Purchased concessions, industrial and similar rights and assets	38,162	2,234	1,236	1,739	40,899	
2. Prepayments	18,244	3,710	6	-1,820	20,128	
Intangible fixed assets	56,406	5,944	1,242	-81	61,027	
II. Tangible fixed assets						
1. Land, land rights and buildings, including buildings on third-party land	762,793	14,788	439	24,113	801,255	
2. Technical equipment and machinery						
a) Tracks, trackside equipment and safety installations	507,557	14,893	2,297	16,246	536,399	
b) Rolling stock for passenger and goods transport	1,207,876	157,097	26,448	64,386	1,402,911	
c) Machines and machinery not classified under a) or b)	138,762	3,780	2,257	4,016	144,301	
	1,854,195	175,770	31,002	84,648	2,083,611	
3. Other equipment, operating and office equipment (incl. low-value assets)	156,907	11,459	2,430	2,470	168,406	
4. Prepayments and assets under construction	199,459	120,741	1,789	-111,150	207,261	
Tangible fixed assets	2,973,354	322,758	35,660	81	3,260,533	
III. Long-term financial assets						
1. Shares in affiliated companies	1,894	0	0	0	1,894	
2. Investments in associates	76	0	0	0	76	
3. Other long-term equity investments	118	0	0	0	118	
4. Long-term securities	12,997	2,205	0	0	15,202	
	15,085	2,205	0	0	17,290	
	3,044,845	330,907	36,902	0	3,338,850	

	Depreciation, amortisation and write-downs				Carrying amounts		
	Balance on 01.01.2021	Additions	Disposals	Reclassifications	Balance on 31.12.2021	Balance on 31.12.2021	Balance on previous year
	35,840	1,603	1,236	0	36,207	4,692	2,322
	0	6	6	0	0	20,128	18,244
	35,840	1,609	1,242	0	36,207	24,820	20,566
	348,881	26,089	439	0	374,531	426,724	413,912
	323,494	16,860	2,292	0	338,062	198,337	184,063
	501,383	55,137	26,447	0	530,073	872,838	706,493
	73,532	7,489	2,078	-2	78,941	65,360	65,230
	898,409	79,486	30,817	-2	947,076	1,136,535	955,786
	120,157	13,153	2,329	-2	130,979	37,427	36,750
	0	604	604	0	0	207,261	199,459
	1,367,447	119,332	34,189	-4	1,452,586	1,807,947	1,605,907
	0	0	0	0	0	1,894	1,894
	0	0	0	0	0	76	76
	0	0	0	0	0	118	118
	0	0	0	0	0	15,202	12,997
	0	0	0	0	0	17,290	15,085
	1,403,287	120,941	35,431	-4	1,488,793	1,850,057	1,641,558

Consolidated statement of changes in equity

of Hamburger Hochbahn Aktiengesellschaft for the period from 1 January to 31 December 2021

€	Subscribed capital		Reserves		Consolidated net accumulated losses at 1.1.
	Ordinary shares	Capital reserves	Revenue reserves	Total	
Balance at 1.1.2020	88,938,200.00	73,050,144.94	13,530,027.41	86,580,172.35	-108,342,616.10
Distribution					
Profit share, Vattenfall Europe New Energy GmbH, previous year	0.00	0.00	0.00	0.00	0.00
Other changes					
Unwinding of discount/reversal of specific valuation allowance, HSG	0.00	0.00	-3,932.63	-3,932.63	0.00
Consolidated net income for the financial year	0.00	0.00	0.00	0.00	0.00
Balance on 31.12.2020	88,938,200.00	73,050,144.94	13,526,094.78	86,576,239.72	-108,342,616.10
Balance at 1.1.2021	88,938,200.00	73,050,144.94	13,526,094.78	86,576,239.72	-108,261,328.42
Distribution					
Profit share, Vattenfall Europe New Energy GmbH, previous year	0.00	0.00	0.00	0.00	0.00
Other changes					
Unwinding of discount/reversal of specific valuation allowance, HSG	0.00	0.00	-1,646.67	-1,646.67	0.00
Consolidated net income for the financial year	0.00	0.00	0.00	0.00	0.00
Balance on 31.12.2021	88,938,200.00	73,050,144.94	13,524,448.11	86,574,593.05	-108,261,328.42

Equity of the parent			Non-controlling interests			Group equity
Consolidated net income/loss for the year attributable to the parent	Consolidated net accumulated losses at 31.12.	Total	Non-controlling interests before net income/loss for the year	Gains/ losses attributable to non-controlling interests	Total	Total
0.00	-108,342,616.10	67,175,756.25	1,029,076.03	0.00	1,029,076.03	68,204,832.28
0.00	0.00	0.00	-527,425.79	0.00	-527,425.79	-527,425.79
3,932.63	3,932.63	0.00	0.00	0.00	0.00	0.00
77,355.05	77,355.05	77,355.05	0.00	417,145.10	417,145.10	494,500.15
81,287.68	-108,261,328.42	67,253,111.30	501,650.24	417,145.10	918,795.34	68,171,906.64
0.00	-108,261,328.42	67,253,111.30	918,795.34	0.00	918,795.34	68,171,906.64
0.00	0.00	0.00	-417,145.10	0.00	-417,145.10	-417,145.10
1,646.67	1,646.67	0.00	0.00	0.00	0.00	0.00
168,011.81	168,011.81	168,011.81	0.00	528,291.66	528,291.66	696,303.47
169,658.48	-108,091,669.94	67,421,123.11	501,650.24	528,291.66	1,029,941.90	68,451,065.01

Consolidated cash flow statement

of Hamburger Hochbahn Aktiengesellschaft for the period from 1 January to 31 December 2021

€ thousand	2021	2020
Net income/loss for the period before loss absorption	-149,800	-112,947
+/- Depreciation, amortisation and write-downs of intangible and tangible fixed assets, and reversals of such write-downs	120,941	110,454
- Reversal of the special item for investment grants	-15,791	-13,291
+/- Increase/decrease in provisions	-20,736	1,783
+/- Other non-cash expenses/income	2,306	-129,753
+/- Gain/loss on disposal of fixed assets	1,467	-216
+/- Increase/decrease in inventories, trade receivables and other assets	-78,654	-12,593
+/- Increase/decrease in trade payables and other liabilities	-7,230	-60,716
+/- Interest expense, net of interest income	21,554	22,790
- Other investment income	1,170	-803
+/- Income tax expense/income	98	98
+/- Income tax payments	-78	-78
Cash flows from operating activities	-124,753	-195,272
+ Proceeds from disposal of tangible fixed assets and long-term financial assets	-328,704	-224,277
- Payments to acquire tangible and intangible fixed assets	74,786	41,673
+ Proceeds from grants for investments in tangible and intangible fixed assets	-2,205	-1,565
- Payments to acquire long-term financial assets	1,175	0
+ Interest received	11	167
Cash flows from investing activities	-254,936	-184,002
+ Proceeds from company owners	493,390	0
+ Proceeds from new loans	0	64,900
- Payments to repay loans	-98,459	-79,786
- Payments to company owners and minority shareholders	-417	-527
+/- Change in HGV liquidity account	10,250	244,880
+ Loss absorption by HGV		
Current interim invoices	243,060	234,880
Remaining absorption amount of the previous year	-92,563	3
- Interest paid	-17,921	-14,210
Cash flows from financing activities	537,340	450,140
Net change in cash funds	157,650	70,866
+ Cash funds at beginning of period	80,785	9,919
Cash funds at end of period	238,435	80,785

Der Finanzmittelfonds setzt sich aus kurzfristig verfügbaren liquiden Mitteln zusammen. Dies beinhaltet auch die noch verbleibenden Mittel aus der Begebung des Greenbond in Höhe von € 230.0 Mio., die bei der FHH angelegt wurden und kurzfristig verfügbar sind.

Notes to the consolidated financial statements as at 31 December 2021

of Hamburger Hochbahn Aktiengesellschaft
Hamburg Local Court, No. HRB 3072

(1) General disclosures

The 2021 consolidated financial statements of Hamburger Hochbahn Aktiengesellschaft (HOCHBAHN) were prepared in accordance with the requirements of the German Commercial Code (Handelsgesetzbuch – HGB) and the German Stock Corporation Act (Aktiengesetz – AktG). The consolidated financial statements of HOCHBAHN are prepared voluntarily based on the exemption provisions of Section 291 HGB.

The company's financial year is the calendar year.

To improve the clarity of presentation, items are combined in the balance sheet and income statement but disclosed separately in the notes. We provided explanatory notes to the balance sheet and income statement, also for the sake of clarity. In accordance with Section 265 (5) HGB, we further subclassified the items in HOCHBAHN's statement of changes in fixed assets. For the classification, HOCHBAHN observes the Regulation governing the Classification of the Annual Financial Statements of Transport Companies (Verordnung über die Gliederung des Jahresabschlusses von Verkehrsunternehmen). We prepared the income statement using the total cost (nature of expense) format.

If a company that is included in the consolidated financial statements exercises a significant influence on the business and financial policies of a company not included in the consolidated financial statements in which it holds an equity investment in accordance with Section 271(1) HGB (associate), this equity investment shall be presented in the consolidated balance sheet under a separate heading with an appropriate designation.

(2) Basis of consolidation

The basis of consolidation continues to comprise HOCHBAHN as the parent company and all subsidiaries to be included in the consolidated financial statements in accordance with the requirements of German commercial law. These comprise six investees shown in the list of shareholdings.

HADAG Seetouristik und Fährdienst AG (HADAG AG) has a control and profit transfer agreement with HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH (HGV), the parent company of HOCHBAHN. HOCHBAHN did not include HADAG AG and its subsidiary HADAG GmbH in the consolidated financial statements because severe long-term restrictions substantially hinder the parent from exercising its rights over the assets or management of these entities as per Section 296 (1) No. 1 HGB.

Five other companies in which HOCHBAHN has a direct or indirect shareholding are also not included in the consolidated financial statements because they are not significant in accordance with Section 296 (2) Sentence 1 HGB. The insignificant companies are also shown in the list of shareholdings.

At the balance sheet date, HOCHBAHN identified three investees that are required to be presented as associates in accordance with Section 311 (1) HGB. Pursuant to Section 312 (2) HGB, the equity method is not applied in accordance with Section 312 HGB because the equity investments are not significant for the presentation of a true and fair view of the net assets, financial position and results of operations of the Group.

(3) Consolidation principles

Sales, expenses and income, and receivables and liabilities between the companies included in the consolidated financial statements are eliminated.

Intercompany profits, if not material, are not eliminated in accordance with Section 304 (2) HGB.

(4) Accounting policies

All companies included in the consolidated financial statements apply uniform measurement principles.

Intangible and tangible fixed assets are measured at cost and reduced by depreciation and amortisation. In the case of assets purchased before 1 January 2015, government grants are deducted directly from the cost. Assets purchased after 1 January 2015 are measured at unreduced cost and government grants received are reported separately on the liabilities side under the special item for investment subsidies. This special item is reversed over the useful life of the subsidised assets. In addition to directly attributable costs, proportionate overheads are included in the production cost of internally generated assets. Cost items included in the overheads that cannot be capitalised have been eliminated through the recognition of a percentage discount.

Depreciation and amortisation are calculated over the expected useful life of the asset based on our own experience and standard rates for public transport operators. With the exception of U-Bahn rolling stock and buses, the useful life of assets purchased or produced after 30 June 1997 was determined taking into account the depreciation table for "passenger and goods transport (by road and rail)" issued by the Federal Finance Ministry from 1 July 1997 in conjunction with the depreciation table for "general-purpose capital goods" valid from 1 January 2001.

Straight-line depreciation or amortisation is applied to all assets purchased after 1 January 2008. Assets purchased before 1 January 2008 are depreciated using the declining balance method, with the exception of intangible assets, buildings, TV surveillance equipment, DT4 U-Bahn units and buses.

The viaducts pertaining to the buildings, station buildings and rail infrastructure are on publicly owned land belonging to the Free and Hanseatic City of Hamburg.

Movable items of finite-lived fixed assets with an acquisition cost of up to €250 that can be used independently are deducted in full as operating expenses. Movable items of finite-lived fixed assets costing between €250 and €1,000 that can be used independently have been pooled and depreciated or amortised over a period of five years using the straight-line method, reducing profit.

Shares affiliated companies, long-term equity investments and long-term securities have been recognised at cost. Where there were identifiable impairments, the assets were measured at fair value.

Raw materials, consumables and supplies are measured at the weighted average cost. Internally generated inventories were measured at production cost including overhead surcharges on wages and materials. Appropriate write-downs were charged for identifiable impairments. Merchandise is measured at a fixed value.

Receivables and other assets are carried at their principal amount. Risks are taken into account through appropriate valuation allowances. Liquid funds are shown at their nominal amount.

Payments made before the balance sheet date are carried as prepaid expenses where these represent expenditure for a specific period after the balance sheet date.

Based on actuarial opinions, pension obligations are recognised using the projected unit credit method (PUC) applying Professor Klaus Heubeck's 2018 G mortality tables and assuming an average remaining term to maturity of 15 years, applying an interest rate of 1.87% p.a. (previous year: 2.30% p.a.). The future salary trend (including career advancement) was calculated at 2.75% p.a. (previous year: 2.75% p.a.) and the anticipated pension trend at 2.50% p.a. (previous year: 2.50% p.a.) or 1.75% (previous year: 1.75% p.a.). Any effects of employee turnover are not taken into account.

Other provisions include all identifiable risks and uncertain obligations and are recognised at the settlement amount dictated by prudent business judgement. Some of the provisions have been determined on the basis of actuarial opinions. For provisions with a remaining term of more than one year, a salary trend (including career advancement) of 2.75% p.a. (previous year: 2.75%) was taken into account when calculating the settlement amount. For the other price and cost increases, increases of 1.50% p.a. (previous year: 1.50% p.a.) were taken into account. Furthermore, these provisions were discounted in accordance with Section 253 (2) Sentence 1 HGB at the average market interest rates corresponding to their remaining maturity set by the Deutsche Bundesbank in the past seven years at between 0.34% p.a. (previous year: 0.47% p.a.) and 1.35% p.a. (previous year: 1.60% p.a.). Other provisions also include provisions in accordance with Section 249 (2) HGB (old version). The company made use of the option provided in Article 67 (3) Sentence 1 of the Introductory Act to the German Commercial Code (Einführungsgesetz zum Handelsgesetzbuch – EGHGB) to maintain these provisions.

Liabilities are carried at their settlement amount.

Payments received before the balance sheet date are carried as deferred income where these represent income relating to a specific period after the balance sheet date.

Deferred taxes are calculated for temporary differences between the carrying amounts in the financial statements prepared under commercial law and the tax base.

Notes to the balance sheet

(5) Fixed assets

The breakdown of fixed assets is shown in the consolidated statement of changes in fixed assets (annex to the notes).

(6) Receivables and other assets

in € thsd.	2021	2020
1. Trade receivables	24,950	21,152
2. Receivables from affiliated companies	1,639	1,493
of which trade receivables	(1,786)	(1,454)
of which other receivables	(-147)	(39)
3. Receivables from other long-term investees and investors	2,290	262
of which trade receivables	1,981	232
of which other receivables	309	30
4. Receivables from the Free and Hanseatic City of Hamburg	338,607	45,280
of which trade receivables	94,264	(35,101)
of which other receivables	244,344	(10,179)
5. Other assets	20,326	23,096
Total	387,812	91,283

Of the receivables from long-term investors and investees, €130 thousand have a remaining term of more than one year. This figure is €14,147 thousand for other assets.

(7) Subscribed capital

HOCHBAHN's subscribed capital amounted to €88,938 thousand on 31 December 2021 and is broken down as follows:

Type of shares	Number of shares (units)	No. of votes	Notional par value € thsd.
Bearer shares			
Class A no-par value shares	720,172	720,172	37,449
Registered shares			
Class B no-par value registered shares	219,616	219,616	11,420
Class C no-par value registered shares	768,898	768,898	39,982
		988,514	51,402
Class B no-par value preferred shares	1,664	1,664	87
		990,178	51,489
	1,710,350	1,710,350	88,938

All of HOCHBAHN's shares are held by HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg.

The Free and Hanseatic City of Hamburg holds 100% of the shares in HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg.

(8) Revenue reserves

The statutory reserve remained unchanged at €4,124 thousand.

The Group's other revenue reserves changed as follows in the 2021 financial year:

in € thds.	
Balance as at 1 January 2021 in € thsd.	9,402
Reduction of the reserve from initial debt consolidation in € thsd.	-2
Balance as at 31 December 2021 in € thsd.	9,400

9) Loss carried forward

The consolidated net accumulated losses include a loss carryforward of -€108,261 thousand

(10) Special item for investment grants

In the reporting year, additions to the special item amounted to €59,007 thousand.

(11) Provisions

in € thsd.	2021	2020
Provisions for pensions and similar obligations	83,231	87,423
Other provisions	109,002	125,546
	192,233	212,969

Provisions for pensions and similar obligations of HOCHBAHN include obligations for the provision of free pensioners' tickets and reduced-price tickets for the spouses of beneficiaries entitled to them that arose after 1 January 1987. There is a deficit of €16,841 thousand for current pensions and similar obligations and of €4,099 thousand for future pensions to beneficiaries and eligible beneficiaries who acquired these entitlements prior to 1 January 1987.

The discounting of the provisions for pensions at the average market interest rate for the past ten years compared with a discounting at the average market interest rate for the past seven years gives rise to a difference of €3,885 thousand at the balance sheet date. In principle, this is subject to a dividend payout restriction in accordance with Section 253 (6) Sentence 2 HGB but not to a transfer restriction.

Apart from provisions to ensure competitiveness in the amount of €51,586 thousand, other provisions include obligations for future anniversary bonuses, outstanding holiday entitlements, partial retirement obligations, surpluses on long-term working hours accounts, contributions to the employers' liability insurance association, obligations for third-party insurance with Haftpflichtgemeinschaft Deutscher Nahverkehrs- und Versorgungsunternehmen (HDN), deferred maintenance payments, financing risks, litigation risks and outstanding invoices.

(12) Liabilities

in € thsd.	of which with a remaining maturity of			
	Total	< 1 year	1–5 years	> 5 years
1. Bonds	500,531	531	0	500,000
2. Liabilities to banks ¹	965,015	133,955	461,400	369,660
Previous year	1,063,474	102,893	492,980	467,601
3. Prepayments received on orders	1,312	1,312	0	0
Previous year	900	900	0	0
4. Trade payables	82,350	82,172	178	0
Previous year	41,741	41,546	195	0
5. Liabilities to affiliated companies	175,873	175,873	0	0
Previous year	210,213	210,213	0	0
of which trade receivables	82,114	82,114	0	0
Previous year	(119,431)	(119,431)	(0)	(0)
of which other liabilities	93,759	93,759	0	0
Previous year	(90,782)	(90,782)	(0)	(0)
6. Liabilities to other long-term investees and investors	0	0	0	0
Previous year	55	55	0	0
of which trade receivables	0	0	0	0
Previous year	(-149)	(-149)	(0)	(0)
7. Other liabilities	20,728	18,842	690	1,196
Previous year	23,204	21,155	675	1,374
of which taxes	4,045	4,045	0	0
Previous year	(4,118)	(4,118)	(0)	(0)
of which related to social security	1,379	1,379	0	0
Previous year	(1,494)	(1,494)	(0)	(0)
Total	1,745,809	414,571	461,578	869,660
Previous year	1,339,587	376,762	493,850	468,975

¹ Of which secured by mortgages: €13,007 thousand (previous year: €12,400 thousand)

(13) Deferred taxes

Temporary differences are measured at the tax rate applicable for the financial year for corporation tax, solidarity surcharge and trade tax totalling 16.45%.

The deferred tax liabilities shown result from the single-entity financial statements of a consolidated company.

Notes to the income statement**(14) Sales**

in € thsd.	2021	2020
Ticket sales ¹	351,044	370,676
Rental and leasing agreements	31,125	34,999
Other	50,817	57,627
	432,987	463,302
of which relating to prior periods ²	4,463	6,507

¹ Sales principally comprise income generated from membership of hvv as well as compensation pursuant to Section 45a of the Passenger Transport Act (PBefG) (school transport) and Section 148 of Volume IX of the Code of Social Law (SGB IX) (transport of severely disabled persons). The definitive allocation of hvv income for 2021 is not yet available. Income generated from membership of hvv has therefore been calculated using a qualified estimate based on preliminary figures of hvv GmbH.

Income from the transport of severely disabled persons (Section 148 SGB IX) is determined in principle using provisional calculations based on the previous year's parameters.

² Sales relating to prior periods mainly comprise adjustments to the estimate of income generated from membership of hvv (€6,061 thousand).

Sales were generated exclusively in Germany.

(15) Other operating income

in € thsd.	2021	2020
Other operating income	170,377	149,424
of which relating to prior periods	9,234	4,908

(mainly income from the reversal of provisions)

Other operating income includes income from the reversal of the special item in the amount of €15,779 thousand (previous year: €13,291 thousand). Other operating income also includes extraordinary income from voluntary relief payments to compensate for losses incurred by local public transport companies in connection with the coronavirus outbreak amounting to €99,132 thousand.

(16) Personnel expenses

in € thsd.	2021	2020
Wages and salaries	312,442	309,891
Social security, post-employment and other employee benefit costs	65,104	70,643
	377,546	380,534
of which in respect of post-employment benefits	6,105	9,615

(17) Depreciation, amortisation and write-downs

Write-downs in accordance with Section 253 (3) Sentence 5 HGB in the amount of €610 thousand (previous year: €682 thousand) were recognised in the reporting year.

Furthermore, a loan receivable included in current assets was written down by €105 thousand.

(18) Other operating expenses

The other operating expenses include prior-period expenses of €389 thousand.

(19) Investment income

in € thsd.	2021	2020
Income from affiliated companies	205	183
Income from associates	965	620
Income from other long-term equity investments	0	0
	1,170	803

(20) Net interest income

in € thsd.	2021	2020
Other interest and similar income	26	167
of which from affiliated companies	(15)	(10)
Interest and similar expenses	-21,049	-22,957
of which to affiliated companies	0	(-6)
from the unwinding of discounts	(-2,801)	(-3,118)
	-21,023	-22,790

(21) Minority interests in profit

The minority interest in profit concerns the subsidiary TEREK Gebäudedienste GmbH in the amount of €528 thousand (previous year: €417 thousand).

Other disclosures**(22) Auditor's fee**

The fee for services provided by the auditors of the consolidated financial statements was recognised as an expense in the financial year as follows:

Breakdown of auditors' fees in € thsd.	2021
Audit services	140
Other assurance services	15
Tax advisory services	0
Other services	0
	155

(23) Off-balance-sheet transactions**Cross-border lease agreements****General, nature and purpose**

There is a finance lease for 23 items of U-Bahn rolling stock which was agreed to obtain present value benefits.

Benefits, risks and financial effects

HOCHBAHN generated present value benefits from cross-border lease transactions, which were fully recognised in profit or loss in previous years. No future risks arise for HOCHBAHN.

Interest and currency swap transactions

One loan denominated in NZD (€55,000 thousand) with a variable interest rate was signed. Any currency and interest rate exposures arising in connection with this were hedged with appropriate interest and currency swaps matching the respective amounts and maturities. Swaps are inseparable from the underlying transaction. The fair value of the swaps at the balance sheet date totalled -€1,118 thousand. The hedges recognised in accordance with Section 254 HGB are micro hedges. The contractual partners for the loan agreements and swap contracts are identical. Since all factors to be applied for measuring the hedged item and the hedging item are identical, this does not give rise to risks for HOCHBAHN according to the critical terms match method.

(24) Contingent liabilities

Liabilities from guarantees amount to €4,495 thousand and relate exclusively to third parties.

Liabilities from guarantees arise in connection with contractual obligations entered into by former HOCHBAHN investees when the investee has commitments towards its contractual partners under transport and service agreements. It is highly unlikely that such guarantees will be called. In addition, there are further performance guarantees in favour of third parties. As the parent company, HOCHBAHN monitors the compliance of the investees with their contractual obligations.

(25) Other financial obligations

Other financial obligations amount to €395,339 thousand. They include obligations to affiliated companies and associates in the amount of €148 thousand.

(26) Disclosures on employees of the HOCHBAHN Group

	2021
Full-time employees	6,374
Part-time employees	983
	7,357
of with female employees	1,275
Pensioners	79
Trainees	171
Severely disabled persons	416

(27) Total remuneration of the Supervisory Board and the Management Board

The members of the Supervisory Board did not receive any remuneration in financial year 2021, only meeting attendance fees.

Total remuneration of the Management Board amounted to €1,339 thousand (including variable remuneration of €312 thousand).

In addition, there are provisions for pension obligations to active members of the Management Board in the amount of €6,125 thousand and provisions for pension obligations to retired members of the Management Board and their surviving dependants totalling €10,876 thousand. Remuneration of €643 thousand was paid to former members of the Management Board and their surviving dependants in financial year 2021.

(28) Shareholdings as at 31 December 2021

Name and registered office of the entity	Equity investment	
	Name	%
Consolidated companies		
FFG Fahrzeugwerkstätten Falkenried GmbH, Hamburg	HOCHBAHN	100.0
HHW Hamburger Hochbahn-Wache GmbH, Hamburg	HOCHBAHN	100.0
HSG Hanseatische Siedlungs-Gesellschaft mbH, Hamburg	HOCHBAHN Beteiligungsgesellschaft mbH & Co. KG	100.0
HOCHBAHN Beteiligungsgesellschaft mbH & Co. KG, Hamburg	HOCHBAHN	100.0
HOCHBAHN Grundstücksverwaltungsgesellschaft mbH & Co. KG, Hamburg	HOCHBAHN	100.0
TEREG Gebäudedienste GmbH, Hamburg	HOCHBAHN Beteiligungsgesellschaft mbH & Co. KG	56.0
Companies not consolidated in accordance with Section 296 (1) no. 1 HGB		
HADAG Seetouristik und Fährdienst Aktiengesellschaft, Hamburg	HOCHBAHN	100.0
HADAG Verkehrsdienste GmbH, Hamburg	HADAG AG	100.0
Companies not consolidated in accordance with Section 296 (2) sentence 1 HGB		
HSF Hamburger Schnellbahn-Fahrzeug-Gesellschaft mbH, Hamburg	HOCHBAHN	100.0
HOCHBAHN-Verwaltungsgesellschaft mbH, Hamburg	HOCHBAHN	100.0
ATG Alster-Touristik GmbH, Hamburg	HOCHBAHN	100.0
hySOLUTIONS GmbH, Hamburg	HOCHBAHN	56.0
Zentral-Omnibus-Bahnhof "ZOB" Hamburg Gesellschaft mit beschränkter Haftung, Hamburg	HOCHBAHN	72.1
Associates in accordance with Section 311 (2) HGB		
BTI BLOHM & TEREG Industriedienstleistungen GmbH, Hamburg	TEREG	50.0
MRG Dienstleistungen GmbH	TEREG	33.3
Hamburger Verkehrsmittel-Werbung GmbH, Hamburg	HOCHBAHN	24.9

(29) Name and registered office of the parent company

HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg (HGV), is HOCHBAHN's sole shareholder; the sole shareholder of HGV is the Free and Hanseatic City of Hamburg. HGV is the parent company that prepares the consolidated financial statements and the Group management report for the largest group of companies in accordance with Section 291 HGB; these are disclosed in the Federal Gazette. In addition, the Free and Hanseatic City of Hamburg prepares consolidated financial statements, which it publishes on its website.

HOCHBAHN has entered into a control and profit transfer agreement with HGV.

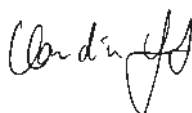
Hamburg, 7 April 2022

Hamburger Hochbahn Aktiengesellschaft

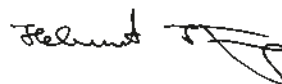
The Management Board



Henrik Falk



Claudia Güsken



Helmut König



Jens-Günter Lang

(30) Report on post-balance sheet date events

Since the beginning of the Ukraine conflict in February 2022, there has been an increased risk of further increases in commodity prices in particular. This mainly affects the Group companies when purchasing energy. While HOCHBAHN's purchase of electricity for financial year 2022 is based on fixed prices, cost increases for diesel purchases will almost fully and directly impact the Group companies. However, as a result of the existing loss compensation arrangement, these pose no risks to the companies as a going concern. Further risks, e.g. from delays in supply chains, have been included in the management report, but do not lead to increased risks for the companies based on the current situation.

We issue the unqualified auditor's report as follows:

Independent auditor's report

To Hamburger Hochbahn Aktiengesellschaft, Hamburg

Audit opinions

We have audited the consolidated financial statements of Hamburger Hochbahn Aktiengesellschaft, Hamburg, and its subsidiaries (the Group) comprising the consolidated balance sheet as at 31 December 2021, the consolidated income statement for the financial year from 1 January 2021 to 31 December 2021, the consolidated statement of equity and the consolidated cash flow statement for the financial year from 1 January 2021 to 31 December 2021 as well as the notes to the consolidated financial statements, including the presentation of the accounting policies. In addition, we have audited the group management report of Hamburger Hochbahn Aktiengesellschaft for the financial year from 1 January 2021 to 31 December 2021.

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 requirements of German commercial law and in compliance with these provisions give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2021, and of its financial performance for the financial year from 1 January 2021 to 31 December 2021, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Section 322 (3) 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 Section 317 HGB and 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 companies in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. 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.

Responsibilities of the Management Board 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 the requirements of German commercial law and that the consolidated financial statements, in compliance with the German generally accepted accounting principles, 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, in accordance with German generally accepted accounting principles, have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Company'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, provided no actual or legal circumstances conflict with this.

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 Section 317 of the HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the 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 judgement and maintain professional scepticism 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 control.
- 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 for the Company.
- 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 audit opinion. 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 regulations applicable to corporations under German commercial law.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express 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 Company'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.

Hamburg, 24 May 2022

Mazars GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

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Imprint

Published by

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