

GROUP MANAGEMENT REPORT

of Hamburger Hochbahn Aktiengesellschaft for the 2022 financial year

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1. Fundamental information about the Group

1.1 The Group's business model

Hamburger Hochbahn AG (HOCHBAHN) is a key member of the Hamburg Public Transport Association (Hamburger Verkehrsverbund - hvv) and as such is one of the leading local public transport companies in Germany. Awarded its contract directly by the Free and Hanseatic City of Hamburg, HOCHBAHN operates four U-Bahn lines, 115 bus lines and several ferry services, thus providing approximately half of all public transport services within the hvv. With over 6,300 employees, HOCHBAHN is one of Hamburg's largest employers. Together with its subsidiaries and investees, including those operating in the areas of U-Bahn network expansion, digital mobility, rolling stock maintenance and security, 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 division and Metro Operations to the Technology division. Helmut König manages the Finance and Sustainability division comprising Finance and Managerial Accounting, Procurement, Information Management, Legal Services and Real Estate as well as the Sustainable Development, Environmental Protection and Occupational Safety. The Technical division, which is headed up by Jens-Günter Lang, consists of Construction Projects, Infrastructure, Bus Technology, Metro Rolling Stock and Metro Operations. Project Metro U5 was transferred to HOCHBAHN U5 Projekt GmbH in 2022. As a wholly owned subsidiary of HOCHBAHN, this company has taken over all planning and construction work for the U5 U-Bahn line.

Management Board

Division	Division	Division	Division
Corporate Management Chairman Henrik Falk	Finance and Sustainability Helmut König	Human Resources and Social Affairs Chairman Henrik Falk	Technical Jens-Günter Lang

The Corporate Management division is led by the Chief Executive Officer, Henrik Falk. In addition to the Hamburg-Takt, Marketing, Corporate Communications as well as Sales and Transport Management, this division also comprises several staff units (Public Affairs and Strategy, Citizen Participation and Information, Internal Auditing). Effective 1 October 2022, Henrik Falk also took on responsibility for the former Human Resources and Operations division. This has now been renamed Human Resources and Social Affairs and comprises the areas of Human Resources as well as Change and Innovation. As of 1 October 2022, Bus Operations were allocated to the Corporate

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	Mr Lang
Hanseatische Siedlungs-Gesellschaft mbH	Mr König
HOCHBAHN Grundstücksverwaltungsgesellschaft mbH & Co. KG	Mr König
HOCHBAHN Beteiligungsgesellschaft mbH & Co. KG	Mr König
HOCHBAHN U5 Projekt GmbH	Mr Falk

HOCHBAHN continually supports new mobility concepts. Following the addition of MILES, TIER and SIXT in the previous year, car sharing provider WeShare and a second electric scooter provider called Voi were integrated into the hvv switch app in the 2022 reporting period. After MILES acquired Volkswagen subsidiary WeShare in November, one car sharing provider currently provides services over hvv switch. This central mobility platform with deep integration of all relevant mobility providers will be expanded again in 2023 to incorporate additional offerings. Together with the over 90 hvv switch points at municipal railway stations and in the local neighbourhoods, a holistic mobility offering has become established in Hamburg. Around 100 more hvv switch points are set to be added by the end of 2024. This substantial expansion will be made possible by federal funding under the umbrella of the Local Public Transport Model Projects programme, which is co-funding a number of mobility projects in Hamburg under the slogan “Auf dem Weg zum Hamburg-Takt” (On track for Hamburg-Takt).

In founding NMS New Mobility Solutions GmbH as a wholly owned subsidiary in 2022, HOCHBAHN is pushing the digitalisation, automation and electrification of the city’s existing transport infrastructure and mobility systems. Innovative, user-centric digital solutions that are also climate-conscious and city-friendly will be developed and the inter-organisational digital transformation of the city’s organisations driven forward.

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 2022, overall planning for the new U5 U-Bahn line was further driven forward. Construction work in the U5 East section began in the autumn. Construction work to extend the U4 U-Bahn 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 locally emission-free bus fleet has grown to a total of 140 vehicles by the end of 2022.

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. 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 key component of Hamburg’s municipal economy, HOCHBAHN believes that it has a particular duty to help ensure a high quality of life within the city. In providing an attractive and efficient, yet sustainable transport system, HOCHBAHN is setting the scene for a climate-neutral future and shaping the city’s mobility transition.

The company’s aim is to reduce private car use and bring about a shift towards environmentally friendly modes of transport. 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. On the path to the mobility transformation, HOCHBAHN is heavily involved in the two important sets of measures for carbon reduction that are an intrinsic part of the Senate’s climate plan: the Hamburg-Takt and the electrification of vehicle fleets.

With the Hamburg-Takt HOCHBAHN is committed to a customer-centric, integrated local public transport offering based on supply and demand which includes on-demand and sharing services for the people of Hamburg. Automation will be part of this, leading to higher levels of service and quality.

This systemic approach provides the opportunity to revolutionise local transport and is therefore an essential ingredient in HOCHBAHN’s strategic planning.

Based on the key issues paper on the second update of the Hamburg Climate Plan, one of the stated goals of the Senate of the Free and Hanseatic City of Hamburg is to reduce carbon emissions in Hamburg by 70% 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. The aim is to increase local public transport’s share of the modal split from to 30% by 2030. This means that even more people need to switch to local public transport.

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 an integral part of HOCHBAHN’s corporate strategy and is anchored in the Finance and Sustainability department at Management Board level. Achievement of sustainability goals is embedded in the targets agreed by the Management Board and senior management. Sustainability targets were set in 2022, not only with a view to achieving sustainable corporate governance (HOCHBAHN’s internal management model in conformity with the city’s economic strategy), but also in connection with the purchase of locally emission-free buses (review of the sustainable sourcing model) and construction of the U5 U-Bahn line (development of a greenhouse gas reduction strategy for the U5). The achievement of targets is now taken into account when determining

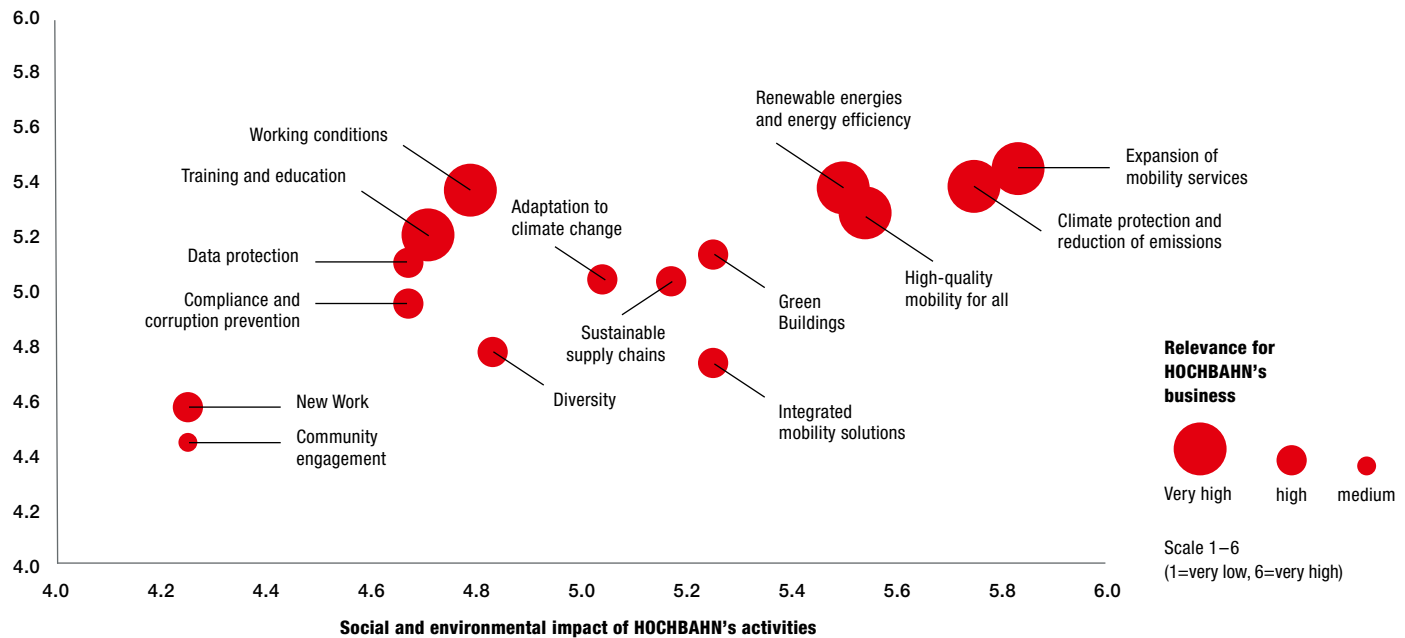
the variable portion of remuneration. There are also various formats for raising awareness of sustainability in processes across the company and actively involving employees in the implementation of these issues.

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: SDG 7: Affordable and clean energy; SDG 8: Decent work and economic growth; SDG 9: Industry, innovation and infrastructure; SDG 11: Sustainable cities and communities; SDG 13: Climate action.

Materiality matrix

Expectations of stakeholders
(50% employees, 50% customers)



Back in 2020, HOCHBAHN further honed its sustainability strategy within the framework of a materiality analysis 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 confirmed 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. HOCHBAHN then implemented the main sustainability issues based on target fields and metrics (KPIs) with the intention of integrating these KPIs into corporate governance, management accounting and reporting under a governance model. Sustainability thus became an important internal instrument for management and control of HOCHBAHN's business activities. In this context, the topic of business integration of the required SAP-based data processes was also considered as part of the SAP S/4Hana project.

In Purchasing, the Sustainability Standards for Suppliers and Business Partners have become binding contractual components in HOCHBAHN's procurement processes since 1 May 2019. In 2022, HOCHBAHN's sustainable sourcing model continued to be used in tender processes whose award criteria included sustainability in addition to the usual technical and commercial requirements. Sustainability aspects were applied, for example, in the tender for future DT6 series U-Bahn rolling stock in relation to the criteria of weight, energy requirements and sustainability in the supply chain. The new contracting party will be required to be transparent in its annual disclosures on these sustainability issues. The recycling rate for the rolling stock must be at least 94%.

In preparation for the entry into force of the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz – LkSG) in 2023, HOCHBAHN took the first steps in complying with its duties of care in order to prevent violations of human rights and damage to the environment. These included conducting an abstract risk analysis at product group level and setting up a complaints mechanism for tip-offs about human rights violations and pollution. In 2022, while developing a company-wide strategy for implementing the LkSG requirements, HOCHBAHN also reviewed the existing sustainable sourcing model for battery-powered buses in light of additional requirements from

the legislation. For this it enlisted the help of manufacturers as an important stakeholder group. HOCHBAHN's participation in the Low Emission Vehicle Program of Amsterdam-based non-governmental organization Electronics Watch will ensure further exchange of knowledge. The objective of this programme, which runs until 2025, is to promote responsible, sustainable public procurement of locally emission-free vehicles.

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 Free and Hanseatic City of Hamburg's CO₂ reduction target. Procuring locally emission-free buses and purchasing certified green electricity are significant levers for reducing direct (Scope 1) and indirect (Scope 2) greenhouse gas (GHG) emissions to zero by 2030. Emissions from upstream and downstream processes (Scope 3) are also being analysed and reviewed for additional savings potential. In 2022, HOCHBAHN developed a strategy to reduce GHG emissions arising from construction of the new U5 U-Bahn line, which is a major source of upstream Scope 3 emissions for HOCHBAHN. The strategy is based on comparative GHG accounting, in which current and future reduction measures were evaluated against a baseline scenario. It is expected that this will ultimately cut the carbon emissions emanating from the construction of the U5 U-Bahn line by up to 70% to approximately 850,000 tonnes by 2040. The following baseline assumptions were made for this: planning for minimising carbon emissions and anticipated technological advances in the cement and steel industries.

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.

In order to identify risks arising from extreme weather as a result of climate change, HOCHBAHN, with the support of the scientific community, looked at possible effects that could impact on its operations and infrastructure. Two of the principal areas of focus are heavy precipitation events and flooding. Appropriate measures have already been implemented to counteract these. On this basis, HOCHBAHN will continuously review the effectiveness of these measures in the light of current climate scenarios.

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.

In collaboration with Stromnetz Hamburg GmbH, the Hamburg University of Technology and Helmut Schmidt University, HOCHBAHN launched a research project entitled “Coordination function of the distribution network and load management for electrified passenger transport” in mid-2022. This project aims to examine the potential of a flexibly scheduled electricity supply to charge HOCHBAHN’s electric buses at the Alsterdorf depot and to test out new functions for HOCHBAHN’s existing load management.

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 2022, HOCHBAHN also developed a project for autonomous driving, for which it intends to apply for funding in 2023. The objective of this project is to develop an on-demand autonomous service in connection with the existing offering and local public transport. Here, for example, self-driving research vehicles from several manufacturers will be integrated into a ride pooling application and can be reserved over booking platforms.

2. Report on economic position

2.1 Macroeconomic and sector-specific environment

Local public transport continued to be influenced in 2022 by extraordinary political and economic developments, particularly the ongoing coronavirus pandemic as well as the energy crisis triggered by Russia’s war of aggression against Ukraine in violation of international law and the sharp rise in inflation.

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 triggered by the pandemic was therefore continued in 2022.

Escalating energy costs were a major concern for local public transport companies. The Association of German Transport Companies (Verband Deutscher Verkehrsunternehmen – VDV) anticipates additional spending on energy of around €1.65 billion in 2022. The electricity price cap absorbed only a portion of these additional costs. In addition, supply chain disruption, particularly in relation to electronic components and machinery, led to sourcing problems.

Since spring 2022, the industry has once again recorded ridership and revenue growth, with the surge in demand surpassing the pandemic-related trough. This trend continued as the months went on. It is estimated that average passenger numbers in Germany recovered to around 90% of pre-crisis levels. One of the major contributing factors was the €9 ticket valid nationwide from June to August, when demand climbed steeply thanks to the approximately 52 million tickets sold. On top of the state aid provided for energy and fuel costs, this measure was designed to provide temporary relief to users of public transport in Germany. The huge take-up sparked a debate about a follow-on solution, and a Germany-wide ticket costing €49 per month (Deutschlandticket) will now be introduced from 1 May 2023. It is expected that this will generate total costs of at least €3 billion, with the actual costs incurred to be divided equally between the federal and state governments. The Deutschlandticket programme will initially run for one year. However, only a longer-term offer beyond this can bring about lasting changes in passengers’ mobility patterns – in favour of a climate-friendly local public transport system that enjoys strong demand and increasingly uses environmentally friendly modes of transport.

2.2 Course of business

The restrictions imposed in connection with the coronavirus pandemic continued to impact on business in early 2022. However, in the course of the year, the corresponding measures were progressively rolled back as infection rates fell. As a result, and also due to campaigns to win back passengers, we gradually came closer to the level of demand recorded before the outbreak of the coronavirus. One extraordinary item was the issue of the €9 public transport ticket valid throughout Germany in the months of June to August that generated a surge in demand but also led to a considerable revenue shortfall. Passenger numbers in the hvv transport region are estimated to have increased by 39%¹ year-on-year in 2022.

HOCHBAHN's vehicles were used by around 384.1 million passengers (including those changing means of transport) in 2022. This corresponds to an increase in demand of 34.4% compared with 2021. HOCHBAHN thus falls somewhat short of hvv's performance. This was mainly due to the protracted construction of the U3 U-Bahn line in the city centre until the end of March and the closure of the U1 line in the Alstertal project from June to September. The construction works extending the U4 line to Horner Geest are on schedule, with activity currently focused on the site of the Horner Rennbahn station. Germany's currently largest U-Bahn project began with the ground-breaking ceremony to mark the start of construction of the U5 line in October 2022. The development and preparatory work here is also proceeding as planned. HOCHBAHN's rolling stock was modernised further with the provision of new DT5 series U-Bahn rolling stock, additions to the fleet of battery-powered buses and continuous withdrawal of diesel units from service. Bus depots are also being renovated or expanded accordingly, and the charging infrastructure is being enlarged.

The barrier-free upgrading of U-Bahn stations is at the final stage of this multi-year project. A total of 86 of the 93 stations have now been modified accordingly. The Hamburg-Takt local public transport strategy and the hvv switch points offering are being expanded further in close collaboration with the City of Hamburg and hvv.

Despite fare increases and the expansion into the Steinburg district, hvv's transport income for 2022 is down 6% year-on-year due to the revenue shortfall attributable to the €9 ticket. The new Deutschland-ticket is expected to have a similar effect in 2023. Nevertheless, hvv

currently expects transport income to increase by 16% against 2022. HOCHBAHN also estimates that its share of hvv pool income in 2022 is on a level with the previous year.

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

HOCHBAHN transport performance

	2022 ¹	2021 ²	2020 ²
Number of passengers carried (in thousand)			
U-Bahn	195,802	146,807	163,895
Bus	188,256	138,965	147,142
Total of both divisions (U-Bahn + bus)	384,058	285,772	311,037
Total number company-wide ³	326,450	242,905	264,381
Kilometres per space (in thousand)			
U-Bahn	8,982,663	9,093,963	9,198,359
Bus	4,588,085	4,502,249	4,396,167
Total number company-wide	13,570,748	13,596,212	13,594,526
Passenger kilometres (in thousand)			
U-Bahn	1,168,937	876,438	978,453
Bus	585,677	432,327	457,767
Total number company-wide	1,754,614	1,308,765	1,436,220

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	2022	2021	2020
Kilometres per unit in service ² (in thousand)	97,067	97,283	98,020
Kilometres per space ^{1,2} (in million)	8,983	9,094	9,198
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	33.3 ³	33.8	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

¹ Based on hvv calculations and information

The slight 0.2% decrease in kilometres per unit in service in the U-Bahn business to just under 97.1 million km in 2022 is mainly attributable to high absenteeism attributable to COVID-19, for example. Despite isolated cancelled trips, the planned number of kilometres per unit in service was exceeded by 1%.

Owing to the current situation, there are no specific plans to change the volume of services offered in 2023. Due to the construction of the new U4 U-Bahn line in the Horner Geest area, service will be interrupted for several months on a jointly used section of the U2 and U4 lines, which is expected to reduce operating performance measured in kilometres per unit in service by 4.6% compared with 2022.

HOCHBAHN operating performances

Bus	2022	2021	2020
Kilometres per unit in service (in thousand)	56,404	55,972	54,194
Kilometres per space ¹ (in million)	4,588	4,502	4,396
Total track length ² (km)	867.8	956.2	944.1
Number of lines ²	115	116	119
Number of stations	1,421	1,452	1,425
Average travel speed (km/h)	18.9	18.8	18.8

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 0.8% year-on-year to 56.4 million km in 2022. The increase is attributable to the change in the volume of shuttle services provided by the company itself and by third parties.

There are no plans to increase the range of standard services in 2023. However, due to the closure of the U-Bahn line in the Horner Geest area (U2 and U4), an extensive shuttle service will be provided, which means that the forecast change in operating performance will be attributable exclusively to the shuttle service.

The development of key non-financial sustainability performance indicators in the 2022 reporting period is as follows:

Efficiency of modes of transport and their carbon emissions¹

U-Bahn	2022 ²	2021 ³	2020 ³	Change vs. 2021	
				absolute	%
Specific energy consumption (in kWh/kilometre per space)	0.01258	0.01263	0.01211	-0.00004	-0.3
Specific CO ₂ emissions (location-based, in g/kilometre per space) ⁵	4.38	4.39	4.21	-0.02	-0.3
Specific energy consumption (in kWh/passenger kilometre)	0.10	0.13	0.11	-0.03	-26.2
Specific CO ₂ emissions (location-based, in g/passenger kilometre) ⁵	33.65	45.59	39.61	-11.94	-26.2
Bus⁶					
Specific energy consumption (in kWh/kilometre per space)	0.058	0.061	0.061	-0.003	-4.4
Specific CO ₂ emissions (market-based, in g/kilometre per space) ⁴	13.77	14.75	14.92	-0.98	-6.6
Specific CO ₂ emissions (location-based, in g/kilometre per space) ⁵	14.63	15.16	15.13	-0.53	-3.5
Specific energy consumption (in kWh/passenger kilometre)	0.46	0.64	0.59	-0.18	-28.1
Specific CO ₂ emissions (market-based, in g/passenger kilometre) ⁴	107.87	153.61	143.25	-45.74	-29.8
Specific CO ₂ emissions (location-based, in g/passenger kilometre) ⁵	114.59	157.86	145.30	-43.27	-27.4

¹ Related to the vehicle drive without considering the upstream chain

² provisional figures

³ updated figures

⁴ 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. Starting with the 2019 reporting period, 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 6 years (market-based approach).

⁵ Using regional emission factors (location-based approach).

⁶ Based on timetable data of the concession of HOCHBAHN Sum of diesel, charge current and hydrogen.

In 2022, the third year of the pandemic, demand rose in both business segments. Demand for U-Bahn services was up 33.4%. Supply fell by 1.2% year-on-year. Specific track power consumption fell by 0.3% per kilometre per space and by 26.2% per passenger kilometre.

Bus service volume (measured in kilometres per space) grew slightly by 1.9% in the reporting period. The number of electric buses in regular operation increased by 39 units year-on-year. At the same time, the total charge current more than doubled, now accounting for 4.0% of the bus fleet's overall energy consumption. The increasing use of energy-efficient battery-powered buses in the bus fleet reduced service-related energy consumption by 4.4%. Amid the 35.5% rise in demand (measured in terms of passenger kilometres), demand-based

energy consumption fell by as much as 28.1%. Comparing the energy consumption figures with the development of the bus fleet's carbon emissions reveals consistent trends: Carbon emissions decreased by 6.6% per kilometres per space, while falling significantly by 29.8% in terms of passenger kilometres. However, due to the progressive exchange of drive systems, the carbon trend values applying the market-based approach of calculating charge current were lower than the energy efficiency trends. HOCHBAHN intends to increase its overall fleet of electric buses to more than 200 vehicles by the end of 2023 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		2022		2021		2020	
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	39	13	90	30
DT4 ²	1988–2005	504	126	504	126	504	126
DT5	2012–2021	486	162	444	148	363	121
Total rolling stock held ²	Number	1,037	305	995	291	929	281
	Spaces ³	93,620		90,260		88,119	
Total ready for operation		1,010	296	968	282	894	257

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	2022	2021	2020
City and express buses ¹	521	581	617
Articulated buses ¹	281	295	314
Large-capacity articulated buses ¹	93	93	93
Diesel hybrid articulated buses ¹	20	20	20
Fuel cell battery articulated buses ¹	35	12	2
Fuel cell/hybrid/plug-in buses ¹	23	23	25
Battery-powered buses ¹	100	82	36
All buses			
Number	1,073	1,106	1,107
Spaces ²	89,046	91,025	91,583

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 2022, the Group's transport income rose from €433.0 million year-on-year to €488.1 million. This is due in part to the increase in passenger numbers in 2022 compared with the previous year and to a related 13.1% rise in income generated from membership of hvv from €351.0 million to €397.1 million. The rise is the result of compensation payments received for the first time for the €9 ticket in the amount of €60.0 million. hvv pool income, on the other hand, was down by €13.8 million on the prior-year figure to €280.1 million. This decline in hvv pool income is due to two countervailing effects. While the introduction of the €9 ticket led to a reduction in income generated for the months of June to August, this was partly offset by the rise in passenger numbers and the related increase in income generated from membership of hvv in the other months. By contrast, an increase in hvv fares effective 1 January 2022 by an average of 1.3% led to increases in revenue, but only to a comparatively small extent.

Revenue from charging on vehicle, personnel and material costs increased by €3.2 million year-on-year to €71.4 million. The main drivers here were an increase in costs being recharged to the subsidiary FFG Fahrzeugwerkstätten Falkenried GmbH (FFG) for bus leasing (+€2.8 million) and an increase in personnel and material costs being recharged (+€0.4 million).

Own work capitalised in the 2022 financial year amounted to €39.5 million, up €6.0 million on the prior-year figure of €33.5 million. Other operating income stands at €177.7 million, thus exceeding the prior-year figure of €170.4 million by €7.3 million. This is attributable to the increase of €1.5 million in subsidies received to €137.3 million, as well as an increase of €2.9 million in joint revenues and income of €3.6 million from the reversal of special items for investment grants.

The Group's gross revenue increased by €68.5 million to €707.0 million in the 2022 financial year.

The cost of materials rose by €17.8 million year-on-year to €227.8 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 rose by €33.8 million year-on-year, from €377.5 million to €411.3 million. The increase in personnel expenses results from collectively agreed pay rises compared with the previous year, as well as higher personnel expenses due to new hires and the increase in expenses for social security contributions, post-employment benefits and other employee benefits in financial year 2022.

Other operating expenses rose slightly in 2022 by €10.5 million to €67.2 million, due mainly to higher costs for other services, consulting and appraisers as well as insurance.

Consolidated net income for 2022 of €8.4 million is up €7.7 million on the prior-year figure of €0.7 million. EBITDA (earnings before loss absorption, net interest income, taxes, depreciation and amortisation) rose by €7.2 million year-on-year to -€0.4 million.

In 2022, HOCHBAHN's cost coverage ratio rose by 0.1 percentage points year-on-year, from 80.8% to 80.9%.

Annual Group earnings (in € million)	2022	2021	2020
Consolidated net income	8.4	0.7	0.5

HOCHBAHN cost coverage ratio (in %)	2022	2021	2020
Cost coverage ratio	80.9	80.8	84.7

2.3.2 Financial position

The condensed cash flow statement below shows the source and use of financing resources during the 2022 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 1.1.2022	€238.4 million
Cash flows from operating activities	- €143.1 million
Cash flows from investing activities	- €219.7 million
Cash flows from financing activities	+ €148.5 million
Cash funds as at 31.12.2022	€24.1 million

The cash funds as at 31 December 2022 consist of liquid funds (+€24.1 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. New loan liabilities in 2022 came to €20 million.

Liabilities to banks at the end of the financial year were €848.6 million, representing a year-on-year decrease of €116.4 million or 12.1%.

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 2022.

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 2022 financial year, HOCHBAHN incurred gross capital expenditures (before deduction of subsidies) totalling €327.1 million. Comprising 79.8% of total capital expenditures during the reporting period, the company's investing activities once again focused on U-Bahn operations, including infrastructure, with a volume of €259.3 million. Of this amount, €79.7 million went on measures for new U-Bahn construction (extension of the U4 line to Horner Geest, U5 East line) and €53.5 million on the procurement of DT5 units. Larger capital expenditures also included an amount of €18.0 million for the upgrading of U-Bahn stations to enable barrier-free access, €14.9 million for bridge construction projects, €12.9 million for construction work on the south ring of the U3 line, €11.8 million for above-ground construction and €11.0 million for the replacement of the U1 signal boxes. In addition, €5.0 million was invested in the construction of halls 1/2c at the Barmbek depot, €4.9 million in the replacement of communications equipment and €2.5 million in the replacement of escalators. Further investments in the U-Bahn system involved the refurbishment and extension of existing rolling stock and facilities.

A total of €60.3 million was invested in the bus system, including €31.1 million for the purchase of new buses, €13.6 million for the electrification of bus depots, €4.9 million for the construction of the Meiendorf depot, and €4.7 million for the expansion of the Hummelsbüttel bus depot.

Investments in shared facilities totalled €5.2 million, including €1.4 million for the replacement/purchase of SAP licenses, €0.6 million for the purchase of (standard) hardware and software, €0.5 million for the discontinuation of ticket sales by drivers, and €0.5 million for the refurbishment of service points.

The following table shows a summary over several years:

	2022 € million	2022 % share	2021 € million	2020 € million
HOCHBAHN capital expenditures				
U-Bahn				
New rolling stock and facilities				
DT5	79.7	24.4	110.6	63.8
Construction of new U4 U-Bahn line	58.2	17.8	29.4	11.1
Construction of new U5 U-Bahn line	21.5	6.6	11.9	7.7
Construction of new Rübenkamp U-Bahn depot	0.4	0.1	0	0
Billstedt U-Bahn workshop	0.3	0.1	1.9	6.8
Existing rolling stock and facilities				
Tracks, trackside equipment, safety installations, construction projects and rolling stock	99.1	30.3	97.6	82.6
U-Bahn subtotal	259.2	79.2	252.2	174.4
Bus				
Rolling stock, fixtures and fittings, facilities and installations at bus depots	60.3	18.4	64.8	41.5
Bus subtotal	60.3	18.4	64.8	41.5
Shared facilities	5.2	1.6	8.3	6.9
Long-term financial assets	2.4	0.7	2.2	1.6
Total capital expenditures	327.1	100.0	327.5	224.4

According to the current business plan, investments are expected to increase significantly to around €532 million in 2023. The primary focus of these investments is the procurement of U-Bahn rolling stock and additional locally emission-free buses.

2.3.3 Net assets

As at 31 December 2022, total assets increased by €71.6 million or 3.1% year-on-year to €2,371.6 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 by €84.6 million as a result of financing investments in tangible fixed assets using the HGV Group's cash pool.

The equity ratio rose by 0.2 percentage points year-on-year to 3.2%.

Assets	2022 € million	2022 % share	2021 € million
Tangible and intangible fixed assets	2,025.1	85.4	1,832.8
Long-term financial assets	19.7	0.8	17.3
	2,044.8	86.2	1,850.1
Inventories	53.8	2.2	44.5
Trade receivables	41.0	1.7	25.0
Cash	4.1	0.2	8.4
Other current assets and prepaid expenses	228.3	9.7	372.0
	327.2	13.8	449.9
Total assets	2,372.0	100.0	2,300.0
Equity and liabilities	2022 € million	2022 % share	2021 € million
Equity/difference from acquisition accounting	76.3	3.2	68.5
Special item for investment grants	387.4	16.3	292.9
Pension provisions	82.4	3.5	83.2
Bonds	500.5	21.1	500.5
Liabilities to banks	849.0	35.8	965.0
	1,895.6	79.9	1,910.1
Other provisions	116.5	4.9	109.0
Trade payables	73.9	3.1	82.4
Other liabilities and deferred income	286.0	12.1	198.5
	476.4	20.01	389.9
Total equity and liabilities	2,372.0	100.0	2,300.0

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.

	2022	2021
Full-time employees	6,399 (5,494)	6,374 (5,512)
Part-time employees	1,020 (694)	983 (637)
Trainees	179 (141)	171 (135)
	7,598 (6,329)	7,528 (6,284)

(in parentheses = Hamburger Hochbahn AG)

Collective bargaining policy

In 2022, the company's collective bargaining efforts focused on negotiating and subsequently implementing a new remuneration system for the Technology division. As a result, the wages of technical/industrial employees rose by at least 4.78% and by an average of almost 11%, creating a remuneration system whose pay is largely in line with the market.

Negotiations for the collective bargaining agreement were at the top of the agenda for 2023. This round of negotiations was characterised by prevailing challenges in the overall political and economic situation, particularly those resulting from substantial increases in the cost of living. Against this backdrop, the considerable demands made by the ver.di trade union (€600 increase in basic pay with a term of 12 months) also raised expectations around the outcome of the negotiations, which were accompanied by a 24-hour warning strike. As a result, we reached an agreement with ver.di to increase basic remuneration in two stages, with an initial rise of 4.5% (at least €300) from January 2023 followed by a second increase of 3% (at least €100) from 1 January 2024. The new collective bargaining agreement runs for 18 months until 30 June 2024. In addition, the annual bonus will be increased by 7.5 percentage points to 87.5% of basic monthly pay from 2023 onwards, while staff will also receive a one-off bonus of €1,500 (€750 for part-time employees working less than 50% of full-time equivalent hours) to compensate for inflation.

Furthermore, discussions regarding the collective bargaining agreement for the remuneration system that were suspended in 2019 in light of the pandemic situation as well as negotiations on the collective bargaining agreement and remuneration system for the Technology division will resume in 2023.

Vocational training / work-study programmes

In 2022, HOCHBAHN trained an average of 141 trainees and work-study programme students ("dual students") in 22 different roles and study programmes, including ten part-time trainees. The proportion of female trainees and work-study programme students was 26% overall, and 16% in technical-industrial apprenticeships.

In 2022, HOCHBAHN expanded its range of training programmes to include the dialogue marketing service specialist apprenticeship in cooperation with the Beruflichen Schule für Medien und Kunst (Vocational School for Media and the Arts) in Hamburg. We have taken on two trainees for this programme who are completing their training on a part-time basis. HOCHBAHN also added three new work-study

programmes to its portfolio: Engineering (Hamburg University of Applied Sciences – HAW), Computer Engineering (Wedel University of Applied Sciences – FH Wedel) and Architecture (hs21 Buxtehude University of Applied Sciences).

Of the 41 trainees and dual students to graduate in 2022, 34 (83%) 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 electronic engineer for devices and systems and as a track builder.

The two-yearly trainee survey that has been an integral part of the quality assurance system for our vocational training since 2014 was conducted on schedule in November 2022. The results of the survey were then reported back as part of workshops with the trainees in order to identify and implement suitable measures.

Continuing professional education

The personnel development and vocational training (BP3) unit continued to digitalise continuing professional education at HOCHBAHN during the 2022 reporting period. As a result, 60% of more than 450 internal seminars and development initiatives for which BP3 is responsible were carried out online during the year under review. A new learning format, “Führungsimpulse” “Leadership Boosts”), was also successfully introduced to provide managers with specific remote suggestions for their leadership activities. The e-learning portfolio was also expanded as 18 more web-based training courses and instructional videos on methodology, specialist knowledge and compliance were added to the HOCHBAHN study portal. The new “HOCHBAHN zum Einsteigen” (“HOCHBAHN for New Starters”) digital training module also went live to supplement the onboarding process at HOCHBAHN.

Integration of refugees

After the successful launch of the refugee project in conjunction with DEKRA and the Jobcenter in 2017, HOCHBAHN has employed 103 of the 164 migrants to have taken part in the training programme so far as bus drivers as of 31 December 2022. One further training course with a total of 17 participants began in 2023. The company plans to continue with additional training courses in 2024.

New employer brand

HOCHBAHN redesigned its existing employer brand to ensure that we can continue to respond to increased competition for qualified professionals in the labour market in the future. The new employer brand is being transformed into an “employee brand”, which means that our approach and messaging will focus even more on the needs and perspectives of employees and applicants in future. This will set HOCHBAHN well apart from its competitors in the job market, generate more interest in the company and enhance the appeal of HOCHBAHN’s employer branding.

To ensure that we can address applicants as appropriately as possible by target group, we enlisted the help of our employees in focus group workshops and market research when designing our new branding. Based on the foundations we have developed, all personnel marketing media and channels will be migrated to the new brand identity starting in 2023.

Basic principles of the remuneration system for Management Board members

The remuneration structure determined by the Supervisory Board is governed by the director’s contracts of individual Management Board members. The remuneration is divided into non-performance-related and performance-related components.

The non-performance-related components primarily consists of the base salary. Other benefits are also included in non-performance-related components. They include the taxable monetary value of non-cash benefits such as the private use of company cars as well as reduced-price travel for the spouses and children.

The variable portion of remuneration is paid on a performance-related basis, and its components are determined by the Supervisory Board. Variable performance-related remuneration agreements are concluded with Management Board members each year.

3. Economic position of significant consolidated companies

FFG Fahrzeugwerkstätten Falkenried GmbH

FFG's main tasks comprise the following business units:

Vehicle technology

Besides providing comprehensive maintenance services for HOCHBAHN's bus fleet, this business unit focuses on 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 2022 again 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 2022 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 €1,681 thousand (previous year: €1,558 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 building redevelopment business achieved a significant year-on-year increase in sales (including changes in inventories of +€2,255 thousand). As a result, earnings also increased year-on-year (+€239 thousand). The technical services business was also able to increase sales slightly as a result of collective bargaining-related price adjustments (+€1,154 thousand). Earnings decreased compared to the previous year (-€307 thousand). The same applies to facility cleaning services, which saw its sales increase slightly compared to the previous year due to collective bargaining agreements (+€1,057 thousand), while earnings decreased compared to the previous year (-€83 thousand).

The return on sales based on earnings before taxes came to 2.8%, down 1.2 percentage points on the prior-year level.

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

TEREG expects its 2023 sales to be roughly on a par with the previous year. Work to update processes and digitalise operations will continue. Since cost-side restructuring triggered by the strategic realignment has been completed, TEREG expects a clearly positive operating result.

The financial year closed with net income (before profit transfer and guaranteed dividend) of €1,142 thousand (previous year: €1,412 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 2022 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 0.88% (previous year: 0.41%). The share of apartments that were vacant for more than three months is 0.39% (previous year: 0.09%). Target rents increased by €139 thousand year-on-year to €12,186 thousand (previous year: €12,047 thousand), mainly due to rent increases. The financial year closed with net income before profit transfer of €1,064 thousand (previous year: €2,652 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 306,022 hours (previous year: 345,361) were worked in security services and 130,992 hours (previous year: 121,426) in ticket inspection services. Of the hours worked in security services, 117,746 (previous year: 132,768) hours were for provision of basic security services and 188,276 (previous year: 212,593) 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 €7 thousand (previous year: €58 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 forecasts and target figures stated below are based on the business plan for 2023 approved by the Supervisory Board on 16 December 2022.

Hamburg-Takt: Increasing climate action putting focus back on mobility transformation

The aim of the Hamburg-Takt local public transport strategy is to encourage people in Hamburg to do without their cars as often as possible, ideally altogether, and travel in a climate-neutral, space-saving way that conserves resources to help a vibrant city protect the climate. In December 2022, the Hamburg Senate decided to tighten its climate change mitigation goals further, and has now set itself the target of reducing carbon emissions by 70% instead of 55% by 2030 compared to the 1990 baseline. A second update of the Hamburg Climate Plan will be drafted on this basis in 2023.

The Free and Hanseatic City of Hamburg's continued commitment to intensifying the expansion of the local public transport network, particularly in the second half of the decade, is underlined by high levels of planned investment in the city's infrastructure. It is also generally agreed that the expansion of the Hamburg-Takt offering and the switch to electromobility within the bus fleet requires additional depot space. This means that the city is looking for further space in addition to the latest bus depots planned for Meiendorf and Veddel.

As well as initiatives to expand the bus network, the integration of on-demand services is also gaining momentum. This is due to the commitment by mobility providers MOIA, HOLON and ioki to place self-driving vehicles in Hamburg as part of the local public transport network by 2025 and to expand the fleet to as many as 10,000 shuttles by 2030. This autonomous on-demand transport has the potential to provide an attractive alternative to the benefits of a private car, making it easier for people to make the switch from motorised private transport to local public transport. It is therefore vitally important for HOCHBAHN to balance and coordinate its bus initiatives with the development of autonomous on-demand services.

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, with 40 U-Bahn stations initially upgraded to facilitate barrier-free access as part of this programme by the end of 2019. HOCHBAHN has accelerated this programme even further over the past three years so that 86 of the 93 stations on the U-Bahn network had already been made barrier-free by the start of 2023. This equates to an upgrade rate of 92%.

Two stations, Alsterdorf and Hudtwalckerstraße, are currently being renovated or expanded to become barrier-free. Building work on the platforms was completed as part of a 13-week service interruption in summer 2022. The two stations are expected to become barrier-free in 2023.

Planning permission for the Messberg station has been granted by the Department of Economic Affairs and Innovation (BWI). Contracts have been awarded for the provision of key services, and construction began in early 2023.

Design planning for the barrier-free conversion of the Saarlandstraße station is complete, and approval plans were drawn up by early 2023. The application for funding for this project has been submitted to the Department of Transport and Mobility Transformation (BVM), with construction scheduled to start in 2024.

Work to convert the Sierichstraße station for barrier-free access has been pushed back to 2028.

U-Bahn network expansion

In line with its customer-centric, demand- and supply-oriented approach, the Free and Hanseatic City of 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 2022/2023:

- Construction of a new station for the U3 line at Fuhsbüttler Straße
- Extension of the U4 line to Grasbrook

- Expansion of the U4 line to Horner Geest
- Construction of a completely 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. Design planning was completed in the third quarter of 2022 based on preliminary design planning and the results of the second citizen participation event. The construction budget is currently being prepared by the BVM based on the design planning, and approval planning began in early 2023.

The second phase of the architectural design competition for engineers and architects is currently underway as part of the granting of €4.4 million in April 2020 to carry out and complete preliminary planning for the extension of the U4 line to Grasbrook. The resulting design and technical preliminary planning variants will then be followed up as part of the planning process. The competition winner is expected to remain attached to the project as a site planner and structural designer.

All surveys and technical design services in project phases 1 (determination of planning content) and 2 (preliminary planning in accordance with fee arrangements for architects and engineers) are currently being advertised for tender, awarded or are already in progress. The entire preliminary planning process should be complete by the end of 2023. The grant application for project phases 3 (design) and 4 (approval planning) was submitted to the BVM in November 2022. This application was approved in February 2023. The various specialist planning areas for project phases 3 and 4 are scheduled to start during 2023 subject to existing financing. The competition and the progress of the planning and tendering processes are set out in the plan.

Work to extend the U4 line to Horner Geest continued according to plan in the fourth quarter of 2022. Structural work continued on the first section (Horner Rennbahn station to junction). We were also able to backfill the construction pits in the area of the newly-built connecting tunnel to the east and west of the new Horner Rennbahn station.

Construction of the new Sandkamp kindergarten was completed as planned in mid-2022. Acceptance of and interest in the project remains significant among local residents despite the noise generated and the series of diversions caused by construction work. Preparatory work for the construction of the second section (junction to Horner Geest terminus) is largely complete. Work to enclose construction pits for the new Horner Geest and Stoltenstraße stations began. Plans to reconfigure Manshardtstraße were presented to the relevant authorities in December 2022. The road design process was completed and the dispatch documents sent in March 2023. The three-week service interruption in October 2022 was used to successfully install the turning loop for the third section (turning loop to Burgstraße). The remaining work was completed by early 2023 during overnight service interruptions. To minimise the duration of rail replacement services during the 11-month shutdown period from May 2023 onwards, a double crossover was installed west of the Rauhes Haus station between 2 January and 9 March 2023.

The planning process for the construction of the all-new U5 U-Bahn line totalling approx. 24km as well as preparatory works on the Bramfeld – City Nord section continued during the period under review. The planning permission for the Bramfeld – City Nord section of the U5 line granted on 30 September 2021 was and remains enforceable. No provisional judicial decisions that would hamper construction have been issued, nor are any expected, as no corresponding application procedures are pending in court. The vast majority of objections do not relate to the project as a whole but instead seek partial supplements or amendments. Six objections to the planning permission were still outstanding at the end of March 2023. According to current estimates, all parties are willing to negotiate to find mutually acceptable solutions.

The first ground-breaking ceremony for the U5 U-Bahn line was celebrated on 30 September 2022, one year after planning permission was granted for the Bramfeld – City Nord section. This officially marked the start of the next phase of rapid transit expansion in Hamburg. Various preparatory construction work (such as tree felling, preparing future site space for shield driving, relocating cables along the entire route, building a new bus overpass in Heukoppel) began in 2022. Implementation planning continued in parallel and tendering procedures for the expanded shell construction (general contractor) of the Bramfeld – City

Nord section began. Contracts for the expanded shell construction of the City Nord – Sengelmannstraße section (referred to as Batches 1.1 and 1.2) were awarded to the Züblin/Wayss + Freytag bidding consortium on 27 December 2022. The plan is to award Batch 2 (launch shaft at Sengelmannstraße to the end of the line in Bramfeld) in 2023. The tendering process for the next generation of DT6-A passenger vehicles and the traffic management system for the U5 U-Bahn line also began during the year under review.

As a result of the significant price increases, supply issues and associated market uncertainty caused by the current geopolitical situation, the project for the Bramfeld – City Nord section will be over budget. The grant authorities were informed about this in detail during the fourth quarter of 2022 to enable all parties to work together to agree next steps. This includes supplementary budgeting for the project based on a Hamburg Parliament Bulletin in 2023.

The optimisation of preliminary plans for the U5 Central planning segment (City Nord – Innenstadt – Arenen) relating to costs and construction workflows was completed, and design and approval planning for the City Nord to Jarrestraße section (project name 'U5.1000') was advertised for tender, awarded and begun. The aim is to submit a planning application for the first section of U5 Central in 2024. Preliminary planning for the next section from Beethovenstraße to the end of the line at Arenen was completed in 2022 to take account of planning funds in the 2023/2024 double budget. A corresponding grant application with a call for funds between 2023 and the end of 2029 was submitted to the grant authorities at the end of 2022. A supplementary budget is now also required for this section due to the current situation (see above). The supplementary budgeting process for this project is also scheduled to take place in 2023 in parallel with the Bramfeld – City Nord section via a Hamburg Parliament Bulletin.

A comprehensive climate balance for the new U5 U-Bahn line construction project was prepared and presented as part of a state press conference on 13 September 2022. The Transport Committee of the Hamburg Parliament and specialist committees in the affected district assemblies also discussed the climate balance and the current planning status of the new U5 line construction project in September and October 2022.

Further preparations were made for the application for federal funding under the Local Authority Public Transport Financing Act (Gemeindeverkehrsfinanzierungsgesetz - GVFG) for the U5 U-Bahn line. We reached a shared understanding of the key calculation parameters with the Federal Ministry for Digital and Transport (BMDV). As the BMDV only published the revisions to its standardised assessment procedure on 1 July 2022, we will only be able to submit an application for federal funding under the GVFG for the Bramfeld – City Nord section in the first half of 2023.

As a wholly-owned subsidiary of HOCHBAHN, HOCHBAHN U5 Projekt GmbH has been responsible for planning and implementing the entire U5 U-Bahn line on behalf of and for the account of HOCHBAHN since 1 June 2022.

hvv switch project

The hvv switch app recorded around 320,000 downloads by the end of 2022, further expanding its positioning in the market. Contributing factors included the expansion of the products and services offered by car sharing provider WeShare and e-scooter provider Voi. The option to pay by credit card was also added and the hvv ticket range expanded to include a bundle of five daily tickets as well as the temporary €9 ticket. We also tested the hvv Any check-in/be-out functionality extensively and made further preparations for its market launch. During 2022, we steadily increased the number of hvv switch points and pushed ahead with efforts to equip these points with charging infrastructure.

The activities planned for 2023 focus on strengthening the core business on the one hand and expanding complementary mobility and other services on the other. We are planning to process smartphone-based sales of the Deutschlandticket at hvv exclusively via the hvv switch app and the underlying digital sales infrastructure. In addition, a first version of a multimodal directory that encompasses both the local public transport network and complementary sharing services is scheduled for launch during 2023. The official launch of hvv Any is also planned for 2023, as well as widespread marketing of the mobility budget for companies and their employees. We are also planning to integrate additional mobility providers into the hvv switch app, including car sharing provider SHARE NOW.

We intend to significantly expand the hvv switch point model during 2023. This will broaden the network to include locations in less heavily populated areas to allow Hamburg residents in these areas to also make increasing use of car sharing services. In addition, the largest hvv switch point is set to open at Hamburg Airport in the spring and will also feature comprehensive charging infrastructure.

E-Bus system

During 2022, 39 electric buses were put into operation, increasing the electric bus fleet to more than 140 at the end of the year under review. Fifteen solo buses and 15 articulated buses procured in the previous year will be delivered and handed over for operation during the first half of 2023. A further 46 solo buses and four articulated buses planned for delivery in 2023 are then scheduled to arrive from June onwards. The fleet will grow to comprise around 220 electric buses during 2023.

Construction of the first section of the bus depot at Langenfelde was completed and the depot was connected to the network during the second half of 2022. Further charging points will be put into operation at the Langenfelde bus depot in the near future. An additional 68 charging points were put into operation at the bus depot in Hummelsbüttel shortly before the end of 2022 as planned. Although the building application for the bus depot in Meiendorf was submitted in early 2022, no building permit had yet been awarded by the end of the year under review.

In early April 2022, HOCHBAHN received a total of €97.3 million for buses, charging infrastructure and supporting systems as part of a confirmation of funding from the BMDV. This funding covers the procurement of vehicles and charging infrastructure up to and including 2025.

The potential of a flexibly scheduled electricity supply to charge HOCHBAHN's electric buses at the Alsterdorf depot is being examined as part of a project entitled "Coordination function of the distribution network and load management for electrified passenger transport". The company received the corresponding confirmation of funding in July 2022, which states that the federal government will cover half of the €2.04 million in pro-rata project costs incurred by HOCHBAHN. The project began on schedule in July 2022. In October 2022, HOCHBAHN also introduced itself to a consortium as part of this project in an effort to obtain what is known as "second-life" battery storage. A decision from the consortium is expected in 2023.

Procurement of U-Bahn rolling stock

Delivery of DT5 units was delayed due to supply chain bottlenecks. As a result, the last three units were only delivered at the end of January 2023 instead of by the end of 2022. As planned, HOCHBAHN now has 163 DT5 units in operation (equivalent to 489 carriages). The figure at the end of 2022 was 486 DT5 carriages.

Together with the DT4 (end of 2022: 504 carriages), the DT5 constitutes the foundation of the U-Bahn fleet. The generation of DT4 vehicles that first came into operation back in 1989 are now reaching the end of their useful life and will be gradually withdrawn from service from the end of the current decade after approximately 40 years of use. In addition to the need to replace the DT4 units, additional vehicles will also be required in future, both for the existing network (lines U1 to U4) due in particular to the potential expansion of services associated with the Hamburg-Takt, as well as for the planned U5 U-Bahn line currently under construction.

The requirements for procuring vehicles for the existing network differ from those for the U5 line. The next generation of vehicles for lines U1 to U4 will be fitted with a driver's compartment at each end as usual (DT6-F), while the new vehicles for the U5 line do not require any driver's compartments as they will be fully automated (DT6-A). This gives them increased passenger capacity. The tendering process for these vehicles began back in 2020 with the qualification of bidders. The actual tender documents (e.g. contract with annexes, specification sheet with annexes, bid conditions) were sent out with the invitation to tender in October 2022. An initial evaluation of bids will be carried out in 2023. The plan is to award the framework contract and call the first two delivery lots totalling 48 vehicles in 2024.

Sustainable capital market instruments

HOCHBAHN expects to invest €2.6 billion in vehicles and in network expansion and modernisation projects in the medium term between 2023 and 2026 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 €1.5 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 bond has encouraged the company to aim for further issues of green financial instruments in the future, with ratings agency Fitch giving the bond its highest rating of AAA in late summer 2022 (stable outlook).

Expected future development of earnings

The expected development of earnings stated below is based on the business plan for 2023 approved by the Supervisory Board on 16 December 2022. In addition to the introduction of the Deutschlandticket, the Russian war of aggression in Ukraine will continue to have a severe impact on earnings. An updated business plan is not currently available. For information on the effects on 2023 earnings, please refer to the information presented in the risk report.

As a result, a net loss of €388.0 million is projected for 2023. The forecasts derived from this are EBITDA of -€228.4 million and a cost coverage ratio of 66.4%. The expected deterioration in earnings in 2023 versus 2022 will be largely due to the fact that income of €87.4 million from 2022 was entered in the accounts in the reporting period as a result of notifications with regard to the rescue package. On the other hand, no corresponding effect has been incorporated into the business plan for 2023. Cost increases are also triggered by the procurement of only locally emission-free buses, the electrification of infrastructure, and rises in staff costs, energy costs and interest rates.

For forecasts of other financial and non-financial performance indicators, please refer to sections 2.2 and 2.3.

4.2 Risk report

Risk and opportunity management system

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. Taking into account statutory requirements, the fundamental principles of risk and opportunity management are specified by the Management Board of HOCHBAHN and applied throughout the Group. The Management Board and Supervisory Board are informed about the results of inventory processes.

Risks and opportunities are defined 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. The same instruments and processes are used for the treatment of business opportunities and risks during the inventory processes. Any offsetting of risks and opportunities is excluded. Business risks and opportunities

(operational risks and opportunities) are subject to an observation period of 12 months. They are stated with their expected value (= impact amount x probability of occurrence). Overriding medium-term risks and opportunities (strategic risks and opportunities) cover a time horizon of five years. The assessment methodology is the same as that used to calculate the thresholds for the probability of occurrence and extent of business risks.

The following outlines first the risks and then the opportunities of the HOCHBAHN Group, followed by the overall risk and opportunity position at the end of 2022. Risks and opportunities whose probability of occurrence is specified as improbable are not detailed here, irrespective of their potential impact. The same applies to potential risks with a low potential impact.

The following table summarises the company's opportunities and risks.

Number of corporate risks and Number of corporate opportunities (...)		Expected probability of occurrence per financial year		
		1 – improbable (<15%)	2 – possible (>15% to <75%)	3 – probable (>75% to 100%)
Expected level of damage/ opportunities in € million	1 – low (up to €5m)	24 (0)	28 (2)	6 (2)
	2 – moderate (€5m to €10m)	5 (0)	1 (0)	1 (1)
	3 – high (€10m or more)	2 (0)	2 (0)	1 (0)

Risk reporting

Local / regional / national / EU policy

The decision to introduce the Deutschlandticket is a milestone in Germany's fare landscape and represents an enormous challenge for public transport association and local public transport companies that will create both opportunities and risks. The current hvv scenario assumes that price reductions for season tickets, semester tickets and other tariffs across the Hamburg area can be compensated by the federal funding and capital resources announced by the Free and Hanseatic

City of Hamburg. There is a risk to revenue and earnings in the event that this shortfall is not fully covered. Overall, the expected value of the risks described above is €5.1 million (category: probable/moderate).

Pandemics

From today's perspective, no significant increase in coronavirus pandemic activity is expected, and HOCHBAHN has fundamentally adapted its operations to reflect the consequences of the pandemic. Nevertheless, there are still medium-term risks that could arise from

any new pandemics. As well as reduced income, the consequences of the pandemic were particularly reflected in higher personnel expenses caused by the increased absentee rate in operations and key positions as well as the additional costs associated with procuring materials and services, including any time delays. The potential impact of a new pandemic is considered to be possible and high, depending on the extent of the pandemic in question.

Implementation of Mobility Transformation 2030 and Climate Neutrality 2030 strategies

As part of the mobility transformation agreed by the Senate of the Free and Hanseatic City of Hamburg, a bundle of initiatives was developed to encourage more residents to switch from motorised private transport to local public transport. These initiatives include enhanced, customer-focused transport services and greater accessibility. Other plans include developing new low-traffic districts and opening them up with bus or U-Bahn connections. Additional elements of the mobility transformation strategy include promoting “last mile” micromobility to supplement the local public transport network, reinforcing the commitment to environmentally friendly modes of transport, and more comprehensive ride sharing services integrated into hvv switch. The implementation of these initiatives depends on the funds provided by the Free and Hanseatic City of Hamburg. As a result, there is a medium-term risk that it will not be possible to achieve at least some of these climate policy goals if insufficient budgetary funds are provided. Limited depot space could also have a medium-term impact when it comes to the demand and supply-focused initiatives required for the mobility transformation. The resulting impact on achieving the strategy is classified as possible and high.

Procurement and supplier management

Energy prices for key supplies such as diesel and electricity have increased considerably on the exchanges since the start of the Russian war of aggression in Ukraine. There is also significant volatility in prices, which are influenced by political news on a daily basis. However, due to its purchasing policy, HOCHBAHN is not exposed to short-term risks, but to medium-term risks in connection with the sourcing of electricity. On the other hand, there is still short-term uncertainty over diesel procurement, where price changes are impacting company earnings. The procurement of steel and concrete as key components

in long-term refurbishment and construction projects, as well as electrical and electronic components for bus and U-Bahn operations, are also subject to a price risk. This risk can be amplified by a strong dependence on individual suppliers, e.g. due to the technical specifications for electrical and electronic components for buses and U-Bahn rolling stock. In extreme cases, supply chain disruption caused by geopolitical crises or pandemics, for example, could result in operational disruptions or project delays. However, the purchasing and inventory strategy adopted by the company means this risk particularly exists where exceptional events occur.

In the area of procurement and supplier management, the expected value of the aforementioned risks is €17.5 million (category: possible/high). There is the potential risk of a further rise in procurement prices for key supplies (including electricity) over the medium-term observation period. This would have a moderate impact on earnings.

Project and investment risks

In the case of major, multi-year construction projects such as the U5 or U4 lines, increases in the price of construction materials and services, project delays or modified requirements can result in higher investment costs. If a project's funding does not cover all costs, this may pose a significant financing risk in the medium term.

Workforce

The commitment period for the current collective bargaining agreement expired at the end of 2022, and a new collective bargaining agreement valid until 30 June 2024 was agreed in the meantime. In light of the general trend in costs and as confirmed by adjustments to collective wages and remuneration at other companies, collective wage negotiations are expected to result in a significant increase in personnel expenses in 2023. Additional costs could also arise from negative impacts on operating processes caused by insufficiently qualified key and specialist personnel. Overall, risks in this category outlined here are assessed to have an expected value of €20.5 million (category: probable/high; probable/low).

The limited availability of key and specialist personnel due to factors such as demographic change, a deterioration in the company's appeal as an employer or insufficiently competitive wages could also have

an adverse impact on operating processes in the medium term if the company is unable to recruit the necessary employees in sufficient numbers. This risk is classified as possible with a moderate impact.

Financing

The long period of near-zero interest rates came to an end in 2022, with the European Central Bank expected to announce further rate hikes in 2023. This rise in the base rate will increase the cost of future new and refinancing for HOCHBAHN, and is already affecting the new borrowings planned for spring 2023. The increase will impact existing long-term financing agreements only with regard to follow-up financing. Against this backdrop, the expected value of this financing risk is €3.6 million in the short term (category: possible/moderate) with the risk rising to probable in the medium term.

IT security

There has been an increase in cyberattacks in Germany since the start of the Russian war of aggression in Ukraine. Current estimates suggest that at least one in two German companies has already been attacked once. As a company providing critical infrastructure that has a high profile in the Hamburg metropolitan area, HOCHBAHN could be a favourable target for such an attack. Due to the changed risk situation, HOCHBAHN has included a corresponding material risk in its inventory and has valued the potential consequences of any extortion, data loss, etc. arising from cyberattacks at €23 million (category: probable/high).

Operational security

Terrorist attacks and instances of sabotage are increasing in an era of rising geopolitical tension. As part of critical infrastructure, HOCHBAHN is not immune to criminal acts, suicide attacks, acts of terrorism or sabotage. This may result in a reputational and default risk for HOCHBAHN that is considered to be possible with a moderate impact.

Opportunity reporting

Like its risks, HOCHBAHN's opportunities are assessed differently as either business opportunities with potential impacts within the next 12 months or strategic opportunities with medium-term impacts.

Customers, demand and income

The success of the €9 ticket in 2022 shows that affordable tickets valid across different networks can enhance the appeal of local public transport. In this respect, the decision to introduce the Deutschlandticket valid across Germany from 1 May 2023 also provides an opportunity to permanently change mobility behaviour in favour of environmentally friendly modes of transport and thus increase demand. The expected value of this opportunity in the short term is approximately €4.5 million. Looking ahead, this is considered to be a possible opportunity with a high impact.

Implementing the mobility transformation strategy

With the second update of the Climate Plan in December 2022, the Senate once again significantly tightened the targets for reducing carbon emissions by 2030 (-70%) and 2045 (climate neutrality). By transitioning the bus fleet to locally emission-free drive technologies and 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 energy crisis in the wake of the Russian war of aggression in Ukraine and high inflation are reinforcing this trend.

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.

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 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.

Overall, the prospective impact of the opportunities presented is classified as high with a probable occurrence.

Summary of risk and opportunity position

In 2022, two risk and opportunity management (ROM) inventories were conducted within the Group. There were no ad-hoc notifications for sudden and unexpected material risks. The Group's short-term overall risk position (including long-term equity investments) is €94.0 million, with the Group's opportunity position amounting to €4.5 million. As in the previous year, the main risks relate to the procurement of goods and services and changes in interest rates. In line with the overall trend, personnel and IT risks are increasingly relevant. The experience gained from the coronavirus crisis have been transferred to the general possibility of another pandemic event. The number and extent of strategic opportunities outweigh those of operational opportunities.

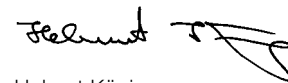
The risks identified do not threaten the continued existence of HOCHBAHN either individually or as a whole. From today's perspective, there are also no developments discernible that can pose going-concern risks in the medium term, either.

Hamburg, 31 March 2023

Hamburger Hochbahn Aktiengesellschaft
The Management Board



Henrik Falk



Helmut König



Jens-Günter Lang

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Consolidated income statement

of Hamburger Hochbahn Aktiengesellschaft for the period from 1 January to 31 December 2022

€	Note	2022	2021
1. Sales	(14)	488,057,589.26	432,986,627.42
2. Increase in inventories of finished goods and work in progress		1,662,516.10	1,664,390.26
3. Other own work capitalised		39,506,902.52	33,481,292.07
4. Other operating income	(15)	177,737,788.87	170,376,866.02
5. Gross revenue		706,964,796.75	638,509,175.77
6. Cost of materials			
a) Cost of raw materials, consumables and supplies, and of purchased merchandise		112,518,735.49	93,304,900.89
b) Cost of purchased services		115,292,050.73	116,743,052.15
		227,810,786.22	210,047,953.04
7. Personnel expenses:	(16)		
a) Wages and salaries		335,720,623.00	312,441,843.41
b) Social security, post-employment and other employee benefit costs		75,605,078.90	65,104,629.38
		411,325,701.90	377,546,472.79
8. Depreciation, amortisation and write-downs:	(17)		
a) of intangible and tangible fixed assets		139,620,894.72	120,941,331.90
b) of current assets, to the extent that these exceed normal depreciation and amortisation in the corporation		0.00	104,963.51
		139,620,894.72	121,046,295.41
9. Other operating expenses	(18)	67,206,236.31	56,758,199.83
10. Investment income	(19)	991,966.39	1,169,555.98
11. Net interest expense	(20)	-13,408,214.20	-21,023,297.06
12. Expenses for loss absorption		0.00	1,689,159.72
13. Taxes on income		-87,059.65	-98,354.17
14. Earnings after taxes		-151,502,129.86	-148,531,000.27
15. Other taxes		-2,052,367.98	-1,269,436.89
16. Income from loss absorption		161,973,356.54	150,496,740.63
17. Consolidated net income for the financial year		8,418,858.70	696,303.47
18. Minority interests in profit	(21)	-467,624.35	-528,291.66
19. Consolidated retained losses brought forward		-108,091,669.94	-108,261,328.42
20. Withdrawals from other Group revenue reserves		1,363.97	1,646.67
21. Consolidated net accumulated losses		-100,139,071.62	-108,091,669.94

Consolidated balance sheet

of Hamburger Hochbahn Aktiengesellschaft as at 31 December 2022

ASSETS €	Note	31.12.2022	31.12.2021
A. Fixed assets	(5)		
I. Intangible fixed assets			
1. Purchased concessions, industrial and similar rights and assets		6,549,015.00	4,691,875.00
2. Prepayments		10,591,662.60	20,127,773.86
		17,140,677.60	24,819,648.86
II. Tangible fixed assets			
1. Land, land rights and buildings, including buildings on third-party land		464,772,923.27	426,724,110.58
2. Technical equipment and machinery		1,226,295,734.85	1,136,535,238.85
3. Other equipment, operating and office equipment		37,833,346.03	37,426,813.03
4. Prepayments and assets under construction		279,021,049.28	207,260,883.58
		2,007,923,053.43	1,807,947,046.04
III. Long-term financial assets			
1. Shares in affiliated companies		1,944,215.31	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		17,558,369.04	15,201,966.69
		19,696,908.60	17,290,506.25
		2,044,760,639.63	1,850,057,201.15
B. Current assets			
I. Inventories			
1. Raw materials, consumables and supplies		45,878,485.58	38,201,616.25
2. Work in progress, unfinished services		7,877,999.42	6,249,021.90
3. Prepayments		12,445.25	0.00
		53,768,930.25	44,450,638.15
II. Receivables and other assets	(6)		
1. Trade receivables		40,991,175.63	24,950,231.22
2. Receivables from affiliated companies		3,729,058.77	1,638,811.35
3. Receivables from other long-term investees and investors		3,000,097.15	2,290,090.61
4. Receivables from the Free and Hanseatic City of Hamburg		191,033,459.05	338,607,276.45
5. Other assets		25,286,223.86	20,326,009.98
		264,040,014.46	387,812,419.61
III. Cash in hand, bank balances		4,052,113.99	8,435,393.73
		321,861,058.70	440,698,451.49
C. Prepaid expenses		4,965,251.54	9,269,014.03
		2,371,586,949.87	2,300,024,666.67

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		9,399,078.57	9,400,442.54
		13,523,084.14	13,524,448.11
IV. Consolidated net accumulated losses	(9)	-100,139,071.62	-108,091,669.94
V. Adjustment item for minority interests		969,274.59	1,029,941.90
		76,341,632.05	68,451,065.01
B. Special item for investment grants	(10)	387,357,764.91	292,921,735.22
C. Provisions	(11)		
1. Provisions for pensions and similar obligations		82,431,456.00	83,230,826.00
2. Other provisions		116,535,168.99	109,001,686.57
		198,966,624.99	192,232,512.57
D. Liabilities	(12)		
1. Bonds		500,530,821.92	500,530,821.92
2. Liabilities to banks		848,605,088.37	965,014,639.36
3. Prepayments received on orders		1,390,040.00	1,312,494.50
4. Trade payables		73,944,392.97	82,350,285.51
5. Liabilities to affiliated companies		260,439,649.47	175,872,564.29
6. Liabilities to other long term investees and investors		401.20	0.00
7. Other liabilities		23,302,420.16	20,728,236.12
		1,708,212,814.09	1,745,809,041.70
E. Deferred income		650,974.38	553,172.72
F. Deferred tax liabilities	(13)	57,139.45	57,139.45
		2,371,586,949.87	2,300,024,666.67

Consolidated statement of changes in fixed assets

of Hamburger Hochbahn Aktiengesellschaft for 2022

€ thousand						Cost
	Balance on 01.01.2022	Additions	Disposals	Reclassi- fications	Balance on 31.12.2022	
I. Intangible fixed assets						
1. Purchased concessions, industrial and similar rights and assets	40,899	2,809	568	961	44,101	
2. Prepayments	20,128	3,193	0	-12,729	10,592	
Intangible fixed assets	61,027	6,002	568	-11,768	54,693	
II. Tangible fixed assets						
1. Land, land rights and buildings, including buildings on third-party land	801,255	28,821	306	39,831	869,601	
2. Technical equipment and machinery						
a) Tracks, trackside equipment and safety installations	536,399	14,476	2,887	32,654	580,642	
b) Rolling stock for passenger and goods transport	1,402,911	83,152	17,368	30,702	1,499,397	
c) Machines and machinery not classified under a) or b)	144,301	7,266	2,674	14,778	163,671	
	2,884,866	133,715	23,235	117,965	3,113,311	
3. Other equipment, operating and office equipment (incl. low-value assets)	168,406	10,334	4,754	4,055	178,041	
4. Prepayments and assets under construction	207,261	182,250	238	-110,252	279,021	
Tangible fixed assets	3,260,533	326,299	28,227	11,768	3,570,373	
III. Long-term financial assets						
1. Shares in affiliated companies	1,894	50	0	0	1,944	
2. Investments in associates	76	0	0	0	76	
3. Other long-term equity investments	118	0	0	0	118	
4. Long-term securities	15,202	2,469	112	0	17,559	
	17,290	2,519	112	0	19,697	
	3,338,850	334,820	28,907	0	3,644,763	

	Depreciation, amortisation and write-downs			Carrying amounts	
	Balance on 01.01.2022	Additions	Disposals	Balance on 31.12.2022	Balance on previous year
	36,207	1,904	559	37,552	4,692
	0	0	0	0	20,128
	36,207	1,904	559	37,552	24,820
	374,531	30,596	299	404,828	426,724
	338,062	18,547	2,822	353,787	198,337
	530,073	65,557	17,169	578,461	872,838
	78,941	8,883	2,658	85,166	65,360
	1,321,607	123,583	22,948	1,422,242	1,563,259
	130,979	13,896	4,667	140,208	37,427
	0	238	238	0	207,261
	1,452,586	137,717	27,853	1,562,450	1,807,947
	0	0	0	0	1,894
	0	0	0	0	76
	0	0	0	0	118
	0	0	0	0	15,202
	0	0	0	0	17,290
	1,488,793	139,621	28,412	1,600,002	1,850,057

Consolidated statement of changes in equity

of Hamburger Hochbahn Aktiengesellschaft for the period from 1 January to 31 December 2022

€	Subscribed capital		Reserves		Consolidated net accumulated losses at 1.1.
	Ordinary shares	Capital reserves	Revenue reserves	Total	
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
Balance at 1.1.2022	88,938,200.00	73,050,144.94	13,524,448.11	86,574,593.05	-108,091,669.94
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	-1,363.97	-1,363.97	0.00
Consolidated net income for the financial year	0.00	0.00	0.00	0.00	0.00
Balance on 31.12.2022	88,938,200.00	73,050,144.94	13,523,084.14	86,573,229.08	-108,091,669.94

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	-108,261,328.42	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
0.00	-108,091,669.94	67,421,123.11	1,029,941.90	0.00	1,029,941.90	68,451,065.01
0.00	0.00	0.00	-528,291.66	0.00	-528,291.66	-528,291.66
1,363.97	1,363.97	0.00	0.00	0.00	0.00	0.00
7,951,234.35	7,951,234.35	7,951,234.35	0.00	467,624.35	467,624.35	8,418,858.70
7,952,598.32	-100,139,071.62	75,372,357.46	501,650.24	467,624.35	969,274.59	76,341,632.05

Consolidated cash flow statement

of Hamburger Hochbahn Aktiengesellschaft for the period from 1 January to 31 December 2022

€ thousand	2022	2021
Net income/loss for the period before loss absorption	-153,554	-149,800
+/- Depreciation, amortisation and write-downs of intangible and tangible fixed assets, and reversals of such write-downs	139,621	120,941
- Reversal of the special item for investment grants	-19,378	-15,791
+/- Increase/decrease in provisions	6,734	-20,736
+/- Other non-cash expenses/income	-776	2,306
+/- Gain/loss on disposal of fixed assets	494	1,467
+/- Increase/decrease in inventories, trade receivables and other assets	-91,242	-78,654
+/- Increase/decrease in trade payables and other liabilities	-39,432	-7,230
+/- Interest expense, net of interest income	13,408	21,554
- Other investment income	992	1,170
+/- Income tax expense/income	87	98
+/- Income tax payments	-98	-78
Cash flows from operating activities	-143,145	-124,753
+ Proceeds from disposal of tangible fixed assets and long-term financial assets	-332,299	-328,704
- Payments to acquire tangible and intangible fixed assets	113,814	74,786
+ Proceeds from grants for investments in tangible and intangible fixed assets	-2,519	-2,205
- Payments to acquire long-term financial assets	1,312	1,175
+ Interest received	16	11
Cash flows from investing activities	-219,676	-254,937
+ Proceeds from company owners	0	493,390
+ Proceeds from new loans	20,000	0
- Payments to repay loans	-116,410	-98,459
- Payments to company owners and minority shareholders	-468	-417
+/- Change in HGV liquidity account	96,970	10,250
+ Loss absorption by HGV		
Current interim invoices	285,920	243,060
Remaining absorption amount of the previous year	-123,947	-92,563
- Interest paid	-13,628	-17,921
Cash flows from financing activities	148,438	537,340
Net change in cash funds	-214,383	157,650
+ Cash funds at beginning of period	238,435	80,785
Cash funds at end of period	24,052	238,435

The funds consist of cash and cash equivalents available at short notice. This also includes the remaining funds from the issuance of the green bond in the amount of €20.0 million, which were invested with FHH and are available at short notice.

Notes to the consolidated financial statements as at 31 December 2022

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

(1) General disclosures

The 2022 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 seven investees shown in the list of shareholdings. HOCHBAHN U5 Projekt GmbH, which was established in the 2022 financial year, was included in the basis of consolidation for the first time. It was consolidated using the revaluation method pursuant to GAS 23.

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.

Six 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 1.78% p.a. (previous year: 1.87% p.a.). The future salary trend (including career advancement) was calculated at 2.75% p.a. (previous year: 2.75% p.a.). The anticipated pension trend of 1.50% p.a. (previous year: 2.50% p.a.) was taken into account. 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 0.52% p.a. (previous year: 0.34% p.a.) and 1.44% p.a. (previous year: 1.35% 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 € thousand	2022	2021
1. Trade receivables	40,991	24,950
2. Receivables from affiliated companies	3,729	1,639
of which trade receivables	(3,895)	(1,786)
of which other receivables	(-166)	(-147)
3. Receivables from other long-term investees and investors	3,000	2,290
of which trade receivables	(2,265)	(1,981)
of which other receivables	(735)	(309)
4. Receivables from the Free and Hanseatic City of Hamburg	191,034	338,607
of which trade receivables	(168,040)	(94,264)
of which other receivables	(22,994)	(244,344)
5. Other assets	25,286	20,326
Total	264,040	387,812

Of the receivables from long-term investors and investees, €130 thousand have a remaining term of more than one year. This figure is €3,857 thousand for other assets.

(7) Subscribed capital

HOCHBAHN's subscribed capital amounted to €88,938 thousand on 31 December 2022 and is broken down as follows:

Type of shares	Number of shares (units)	No. of votes	Notional par value € thousand
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 2022 financial year:

in € thousand	
Balance as at 1 January 2022	9,400
Reduction of the reserve from initial debt consolidation	-1
Balance as at 31 December 2022	9,399

(9) Loss carried forward

The consolidated net accumulated losses include a loss carryforward of -€100,139 thousand.

(10) Special item for investment grants

In the reporting year, additions to the special item amounted to €94,436 thousand.

(11) Provisions

in € thousand	2022	2021
Provisions for pensions and similar obligations	82,432	83,231
Other provisions	116,535	109,002
	198,967	192,233

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 €16,224 thousand for current pensions and similar obligations and of €3,664 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 €2,381 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 €42,446 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 € thousand	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	848,605	135,811	430,307	282,487
Previous year	965,015	133,955	461,400	369,660
3. Prepayments received on orders	1,390	1,390	0	0
Previous year	1,312	1,312	0	0
4. Trade payables	73,944	73,712	232	0
Previous year	82,350	82,172	178	0
5. Liabilities to affiliated companies	260,440	260,440	0	0
Previous year	175,873	175,873	0	0
of which trade receivables	(110,414)	(110,414)	(0)	(0)
Previous year	82,114	82,114	0	0
of which other liabilities	(150,026)	(150,026)	(0)	(0)
Previous year	93,759	93,759	0	0
6. Liabilities to other long-term investees and investors	0	0	0	0
Previous year	0	0	0	0
of which trade receivables	(0)	(0)	(0)	(0)
Previous year	0	0	0	0
7. Other liabilities	23,302	23,302	0	0
Previous year	20,728	18,842	690	1,196
of which taxes	(4,199)	(4,199)	(0)	(0)
Previous year	4,045	4,045	0	0
of which related to social security	(1,719)	(1,719)	(0)	(0)
Previous year	1,379	1,379	0	0
Total	1,708,212	495,186	430,539	782,487
Previous year	1,745,809	414,571	461,578	869,660

¹ Of which secured by mortgages: €11,372 thousand (previous year: €13,007 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 € thousand	2022	2021
Ticket sales ¹	397,120	351,044
Rental and leasing agreements	34,799	31,125
Other	56,139	50,817
	488,058	432,987
of which relating to prior periods ²	5,250	4,463

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 2022 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 (€4,575 thousand).

Sales were generated exclusively in Germany.

(15) Other operating income

in € thousand	2022	2021
Other operating income	177,738	170,377
of which relating to prior periods	8,816	9,234

(mainly income from the reversal of provisions)

Other operating income includes income from the reversal of the special item in the amount of €19,378 thousand (previous year: €15,779 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 €87,405 thousand for 2022 and €14,139 thousand from ex-post settlement for 2021.

(16) Personnel expenses

in € thousand	2022	2021
Wages and salaries	335,721	312,442
Social security, post-employment and other employee benefit costs	75,605	65,104
	411,326	377,546
of which in respect of post-employment benefits	6,796	6,105

(17) Depreciation, amortisation and write-downs

Write-downs in accordance with Section 253 (3) Sentence 5 HGB in the amount of €238 thousand (previous year: €610 thousand) were recognised in the reporting year.

No loan receivables included in current assets were written down in financial year 2022.

(18) Other operating expenses

The other operating expenses include prior-period expenses of €243 thousand.

(19) Investment income

in € thousand	2022	2021
Income from affiliated companies	265	205
Income from associates	727	965
Income from other long-term equity investments	0	0
	992	1,170

(20) Net interest income

in € thousand	2022	2021
Other interest and similar income	220	26
of which from affiliated companies	(151)	(15)
Interest and similar expenses	-13,628	-21,049
of which to affiliated companies	(-610)	(0)
from the unwinding of discounts	(-1,809)	(-2,801)
	-13,408	-21,023

(21) Minority interests in profit

The minority interest in profit concerns the subsidiary TEREK Gebäudedienste GmbH in the amount of €640 thousand (previous year: €528 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 € thousand	2022
Audit services	145
Other assurance services	27
Tax advisory services	8
Other services	180
	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 -€801 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 €5,461 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 €65,679 thousand. They include obligations to affiliated companies and associates in the amount of €124 thousand.

(26) Disclosures on employees of the HOCHBAHN Group

	2022
Full-time employees	6,399
Part-time employees	1,020
	7,419
of which female employees	(1,329)
of which severely disabled persons	(401)
Pensioners	78
Trainees	179

(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 2022, only meeting attendance fees.

Total remuneration of the Management Board amounted to €1,331 thousand (including variable remuneration of €309 thousand).

In addition, there are provisions for pension obligations to active members of the Management Board in the amount of €6,967 thousand and provisions for pension obligations to retired members of the Management Board and their surviving dependants totalling €10,745 thousand. Remuneration of €627 thousand was paid to former members of the Management Board and their surviving dependants in financial year 2022.

(28) Shareholdings as at 31 December 2022

Name and registered office of the entity	Name	Equity investment %
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
HOCHBAHN U5 Projekt GmbH, Hamburg	HOCHBAHN	100.0
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
NMS New Mobility Solutions Hamburg GmbH, Hamburg	HOCHBAHN	100.0
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 Company Register. In addition, the Free and Hanseatic City of Hamburg prepares consolidated financial statements, which it publishes on its website.

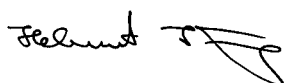
HOCHBAHN has entered into a control and profit transfer agreement with HGV.

Hamburg, 31 March 2023

Hamburger Hochbahn Aktiengesellschaft
The Management Board



Henrik Falk



Helmut König



Jens-Günter Lang

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 2022, the consolidated income statement for the financial year from 1 January 2022 to 31 December 2022, the consolidated statement of equity and the consolidated cash flow statement for the financial year from 1 January 2022 to 31 December 2022 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 2022 to 31 December 2022.

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 2022, and of its financial performance for the financial year from 1 January 2022 to 31 December 2022, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

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 (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the 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 the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our 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 the German generally accepted accounting principles.
- 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, 15 May 2023

Mazars GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

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