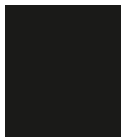




HOCHBAHN



Annual and Sustainability Report 2020

BE BRAVE.

TAKE ACTION. – FOR TOO LONG, PROFITABILITY AND SUSTAINABILITY WERE THOUGHT TO CONTRADICT EACH OTHER. MANY FELT THAT THINGS WOULD TURN OUT OK SOMEHOW. WITHOUT MUCH ACTION BEING REQUIRED. THEY BELIEVED THAT INDIVIDUAL FREEDOM WAS ABOUT ONE THING IN PARTICULAR: POSSESSION. BUT DOESN'T HAVING OPTIONS GIVE US MUCH GREATER FREEDOM? ESPECIALLY WHEN WE CHOOSE THE BEST OPTION AT THE TIME? IT'S HIGH TIME WE FIX THE CLIMATE PROBLEM. AND IT'S TIME WE GET HAMBURG ON A NEW, FIXED SCHEDULE. OUR NUMBER FOR THE FUTURE IS ZERO. ZERO EMISSIONS. ZERO TRADE-OFFS. TIME FOR A FRESH OUTLOOK. TIME TO BE BRAVE.

WHICHEVER WAY YOU LOOK AT IT, THE TIME FOR ACTION IS NOW. TIME FOR THE MOBILITY TRANSFORMATION. EVEN IN THESE TOUGH TIMES. LET'S FACE IT, OUR CLIMATE KNOWS ONLY ONE CRISIS: ITS OWN. SO LET'S REMAIN COMMITTED TO OUR GOALS. SYSTEMATICALLY CONTINUE TOGETHER ALONG OUR CHOSEN PATH. TOWARDS CLIMATE-NEUTRAL LOCAL PUBLIC TRANSPORT. TOWARDS THE MOST ATTRACTIVE OFFERING. WITH SIMPLY THE BEST SERVICE. TOWARDS THE HAMBURG TAKT. LET'S CONTINUE TO BE BRAVE AND TAKE ACTION. NOW.

**STAY
BRAVE.**

Just as you may have looked this report from different angles to see the big picture, we are completely rethinking people's mobility in our city. Join us on the following pages on a journey into Hamburg's mobile future ...

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DR. ANJES
TJARKS,
SENATOR FOR
TRANSPORT
AND MOBILITY
TRANSFORMA-
TION, FREE AND
HANSEATIC
CITY OF
HAMBURG.

DIE CLIMATE CRISIS IS NOT TAKING A BREAK

DEAR READERS,

The months that have passed since the onset of the coronavirus pandemic may have given our environment a bit of a break, with people making fewer trips, working more from home and tending to get around more on foot or by bike. All of which resulted in a reduction in traffic. But what happens next? Hamburg is growing. More people also means more trips being taken – but in the same space. Traffic jams are an everyday occurrence in our attractive urban centre. Going forward, we will only be able to keep Hamburg moving if we as road users need less space per capita. Our goal is therefore to have 80 percent of trips taken using public transport or by cycling or walking (figure prior to the coronavirus crisis: 64 percent).

This is the reason we are collaborating with HOCHBAHN on the mobility transformation. With a strong local public transport network and combined offerings – despite and especially during Covid times. Let's face it, the climate crisis is not taking a break at all.

The key to achieving our climate targets lies in the Hamburg Takt, which is why we will continue to invest heavily in local public transport and bicycle infrastructure over the coming years. In 2021 and 2022 alone, more than 800 million euros will be spent on planning, construction and savings measures for the expansion of Hamburg's U-Bahn and S-Bahn network.

Construction of the U4 extension to Horner Geest has already begun. With the U5 U-Bahn line HOCHBAHN is about to embark on a once-in-a-lifetime project that will also benefit many generations to come. The jump across the Elbe in taking the U4 to Grasbrook will be another big step. I firmly believe that we will subsequently continue this line all the way to Wilhelmsburg. An era of high mobility has therefore begun!

Rail transport is one element, the networking of mobility offerings another, which is why we launched the hvv switch app in 2020 under the baton of HOCHBAHN. This will soon provide a foundation for people to feel good about giving up their own cars and still

have rapid access to a car or another means of transport. We are making Hamburg's traffic more climate-friendly, more sustainable and consequently more city-friendly with digital solutions.

We are moving in the direction of Hamburg Takt 2030 with HOCHBAHN as a highly dependable, innovative partner. No longer needing a timetable, no longer having to look for a parking space because we can always find the right offering for our route within five minutes – that's true quality of life in my book. So let's continue to be brave and keep thinking ahead. For our planet. For Hamburg. For us all.



Dr. Anjes Tjarks
Senator for Transport and Mobility
Transformation, Free and Hanseatic
City of Hamburg.

Chairman of the Supervisory Board
of Hamburger Hochbahn AG





BE BRAVE, BE AT THE VANGUARD

SINCE SPRING 2020, THE CORONAVIRUS PANDEMIC HAS DOMINATED ALL OUR LIVES, DAILY HEADLINES AND PEOPLE'S CONVERSATIONS. AN UNPRECEDENTED DECLINE IN PASSENGER NUMBERS HAS ALSO HIT OUR COMPANY HARD SINCE THEN. AND YET WE CONTINUE TO BE BRAVE AND NOT LOSE SIGHT OF THE BIGGEST CHALLENGE THE WORLD IS FACING: GLOBAL CLIMATE CHANGE. THIS IS THE REASON WE REMAIN AT THE VANGUARD FOR SUSTAINABLE URBAN MOBILITY.



OUR MANAGEMENT
BOARD (FROM LEFT
TO RIGHT):
HENRIK FALK,
CLAUDIA GÜSKEN,
HELMUT KÖNIG,
JENS-GÜNTER LANG

We remain committed to our goals and to the City of Hamburg's Climate Plan. The mobility transformation needs to save 1.4 million metric tons of CO₂ by 2030; the Hamburg Takt, its most important element, is expected to reduce carbon emissions by as much as 621,000 metric tons. We as a company aim to become climate-neutral by 2030 and, together with our partners, bring the market share of integrated public transport up to 30 percent (currently 22 percent). Pursuit of this goal is what drives our employees to move forward with courage every day – even in times of crisis.

+
MORE IN OUR
GRI REPORT
ON **PAGE 8**

Being at the vanguard means striking out in new directions. Living out our change. Be it in integrated mobility services such as the hvv switch app, sustainable business processes or green financing. We were the first German transport company to successfully issue a green bond, raising 500 million euros on the green capital market to finance the mobility transformation in Hamburg (see page 54). The main basis for this was a top rating of our sustainable corporate strategy, processes and projects that have a genuine impact on the climate and society. This gratifying achievement motivates us even more to continue along this path together with the City of Hamburg and be a trail-blazer. For our city. For the entire mobility sector.

Since 2017, our compass has been the Ten Principles of the UN Global Compact and the United Nations Sustainable Development Goals (SDGs), which are embedded in our DNA. As an active member of the UN Global Compact, we also use the network as a knowledge platform to make our business processes even more sustainable, share experiences and learn from others. Only by showing courage and optimism together can we overcome these global challenges. Each year, we report on our activities and progress in supporting these global sustainability goals as part of this Annual Report.

Based on five SDGs, which are the focus of sustainable mobility for us, we bring together our sustainability activities under five top Sustainable Development Goals:

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

In these challenging times, we are working with our stakeholders to analyse and sharpen awareness of the really important issues on our path to climate neutrality and the market share we are targeting with integrated public transport. You can find more facts and figures in our Sustainability Report, published for the first time in accordance with the international Global Reporting Initiative Standard (GRI) and the German Sustainability Code



Dive into the topic of sustainability HOCHBAHN's GRI report:



HENRIK FALK
Chief Executive Officer
Hamburger Hochbahn AG

CLAUDIA GÜSKEN
Human Resources Director
Chief Operating Officer

HELMUT KÖNIG
Chief Financial Officer
Chief Sustainability Officer

JENS-GÜNTER LANG
Chief Technology Officer

OUR FOCUS

WE SUPPORT



affordable and clean energy



decent work and economic growth



sustainable cities and communities



industry, innovation
and infrastructure



climate action

On the following pages, we disclose how we advance Hamburg to be more sustainable and contribute to the achievement of the Sustainable Development Goals (SDG) in Hamburg with our offerings. Our focus is on five goals of the UN Global Compact. The legend next to the text shows which goals we support here.



You can learn more about the UN Global Compact and its goals here:



We are also committed to the following issues:



good health and well-being



quality education



gender equality



responsible consumption
and production

HOCHBAHN IN FIGURES

6,308

jobs for Hamburg
(previous year: 6,074)

224.4

million euros of investment for
passengers and the environment
(previous year: 324.1 million euros)

1,518

bus stops and U-Bahn stations
(previous year: 1,495)

314.4

million passengers
(previous year: 466.7 million)

1.4

million residents with direct
access to our stops and stations

100

percent green electricity



Probably the most beautiful U-Bahn line in all of Germany: Hamburg's U3 on its way past the Elbphilharmonie towards Landungsbrücken.

MANAGEMENT REPORT

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1. Fundamental information about the company

1.1 The company's business model

Hamburger Hochbahn AG (HOCHBAHN) is one of the leading local public transport companies in Germany. Operating four U-Bahn lines, 119 bus lines and several ferry services, the company provides approximately half of all public transport services within the Hamburg Public Transport Association (Hamburger Verkehrsverbund – HVV). With over 6,000 employees, HOCHBAHN is one of Hamburg's largest employers. Together with its subsidiaries and investees, including those providing rolling stock maintenance, security and cleaning services, HOCHBAHN is an integral part of mobility in Hamburg.

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

U-Bahn Operations and Bus Operations together with Human Resources, Innovation and Change make up the Human Resources and Operations division. The Technical division consists of Construction Projects, Infrastructure, Bus Technology and Rail Rolling Stock as well as Project U-Bahn U5. The Finance and Sustainability division comprises Finance and Managerial Accounting, Procurement, Information Management, Legal Services and Real Estate as well as the Sustainable Development, Environmental Protection and Occupational Safety.

HOCHBAHN sees itself as a designer of sustainable mobility in Hamburg and makes a contribution to implementing the mobility transformation as defined in the City's "Hamburg-Takt" strategy. HOCHBAHN continually supports new mobility concepts. In 2020, with the introduction of the hvv switch app and the deep integration of the ridesharing provider MOIA, we took an important step towards the creation of a central mobility platform for the HVV and set up additional switch points at municipal railway stations and in local neighbourhoods.

Management Board

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

The Corporate Management division is led by the Chief Executive Officer, Henrik Falk. In addition to System Development and Service Planning, Marketing, Corporate Communications as well as Sales and Transport Management, this division also comprises several staff units (Public Affairs and Strategy, Citizen Participation and Internal Auditing). The Hamburg-Takt staff unit has been in existence since 1 March 2020. From now on, this organisational unit will assume responsibility for all key decisions on the implementation of the Hamburg-Takt made by HOCHBAHN and the transport companies in the HVV as well as by private mobility providers and local authorities.

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 2020, overall planning for the new U5 U-Bahn line was further driven forward, and the new line's route has now been determined. Construction work to extend the U4 line to Horner Geest has started, as has planning for extending it to Grasbrook. The opening of the new U-Bahn workshop in Billstedt, our work on improving accessibility for disabled passengers, and our extensive maintenance work have contributed to the future viability of Hamburg's U-Bahn system.

The zero-emission bus fleet has now grown to a total of 63 vehicles. Following the integration of its subsidiaries Friedr. Jasper Rund- und Gesellschaftsfahrten GmbH (Jasper) and SBG Süderelbe Bus GmbH (SBG), the bus depots in Billbrook and Süderelbe have also been part of the HOCHBAHN bus system since earlier this year.

1.2 Objectives and strategies

In Hamburg, transport – and local public transport in particular – is one of the most important factors in meeting the city's climate protection goals for 2030. The mobility sector currently accounts for around 28.3% of Hamburg's carbon emissions. How people in this growing city can stay mobile in the future without owning a car while at the same time helping to protect the climate is a key issue facing lawmakers and transport companies.

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

Despite continuing population growth in Hamburg, the company's aim is to reduce private car use and bring about a shift towards environmentally-friendly modes of transport (travelling on foot, cycling, local public transport). HOCHBAHN underwent a strategic paradigm shift back in 2019 in this context. Anchored in the Climate Plan and Climate Protection Act of the Hamburg Senate, and as an instrument of Senate policy, HOCHBAHN is now focusing on a targeted and forward-looking expansion of its services in addition to developing its offering based on demand as was previously the case. Over the coming decade, HOCHBAHN will therefore make substantial investments in modernising and expanding its existing services as well as making targeted investments in new lines. This improved offering will include longer operating hours, shorter journey times, more frequent services and zero-emission vehicles whose capacity reflect demand. The target here is to develop a service that is highly attractive, comfortable, intuitive and available everywhere at short notice. Networked with other mobility offerings such as sharing and on-demand service providers (e.g. MOIA, Google, SIXT share, TIER, Miles and StadtRAD) and being open to innovative solutions and the opportunities presented by digitalisation, HOCHBAHN's mission is to rethink and design integrated sustainable mobility in the Hamburg SmartCity.

With transport performance rising overall, the aim is to increase local public transport's share of the modal split from 22% (2017) to 30% (by 2030). This is intended to contribute to a significant reduction in carbon emissions and ensure that the mobility transformation serves to improve quality of life by producing cleaner air and less noise, and offering a broad selection of integrated modes of transport.

1.3 Sustainability

Sustainable corporate governance

Since joining the UN Global Compact in 2017, HOCHBAHN has aligned its corporate governance with the Global Compact's ten principles and the Sustainable Development Goals (SDGs). The issue of sustainability is also an integral part of HOCHBAHN's corporate strategy.

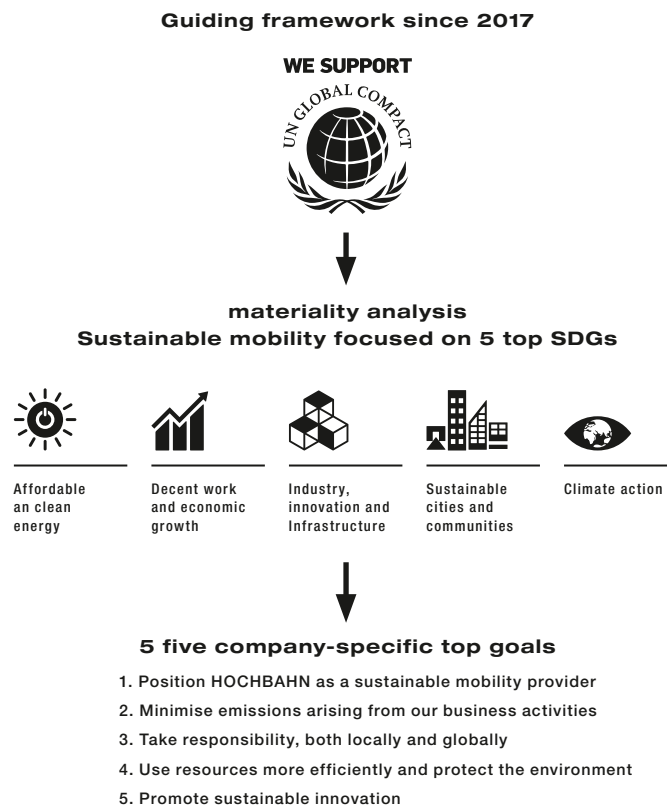
In order to keep stakeholders fully informed of all of our important sustainability activities, HOCHBAHN will publish its first sustainability report for the 2020 financial year in accordance with the standards of the Global Reporting Initiative (GRI), thereby also complying with the criteria of the German Sustainability Code (DNK).

To prepare the sustainability report, HOCHBAHN undertook a materiality analysis in 2020 according to the requirements of both the GRI Standards and the DNK. As part of this preparatory work, we asked internal and external stakeholders, including customers, HOCHBAHN employees and leading experts in the field of mobility and sustainability, for their views on 15 sustainability topics of relevance to HOCHBAHN. The views expressed by a total of around 1,800 respondents endorse HOCHBAHN's current policy of contributing significantly to climate protection by developing attractive mobility services and reducing our own emissions. HOCHBAHN now plans to develop a sustainability programme based on the findings of the materiality analysis. This will provide information on sustainability goals and the progress being made to achieve them. In preparation for this programme, we will be participating in the United Nations' SDG Ambition Accelerator Programme via the German Global Compact Network.

¹ <https://www.hamburg.de/contentblob/13287332/bc25a62e559c42bfaae795775e-f1ab4e/data/d-erste-fortschreibung-hamburger-klimaplan.pdf>

We will continue to issue progress reports in accordance with the UN Global Compact and will maintain our focus on HOCHBAHN's five prioritised SDGs and the company-specific top goals based on them:

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



HOCHBAHN takes a holistic approach to achieving its top sustainable development goals that involves adding ecological and social criteria to its performance indicators. In Purchasing, for example, the Sustainability Standards for Suppliers and Business Partners have become binding contractual components in HOCHBAHN's procurement

processes since 1 May 2019. In 2020, we successfully completed a tender process for local emission-free buses whose award criteria included sustainability in addition to the usual technical and commercial requirements.

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

HOCHBAHN also embedded sustainability criteria relating to vehicle procurement for 2019 and 2020 into the targets agreed by the Management Board and senior management. These criteria are 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. By allocating Sustainable Development, Environmental Protection and Occupational Safety to the Finance division effective 1 January 2020, HOCHBAHN's integrated approach to sustainability management is now reflected at Management Board level.

Minimise emissions arising from our business activities

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

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

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

1.4 Research and development

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

The Helmut Schmidt University is providing scientific support to help HOCHBAHN expand the charging infrastructure at the Alsterdorf bus depot. As the project is also of great interest to other local transport companies, it is being funded by the Federal Ministry of Transport under its mobility and fuel strategy. The results of this project have already been taken up by a large number of scientific publications. They also form an essential part of a doctoral thesis currently in preparation.

HOCHBAHN is cooperating with another project at Helmut Schmidt University, which is investigating the possibility of using reversible fuel cell systems to provide emergency power at bus depots. This project, which is being funded by the German Federal Ministry of Economics and Energy, is looking into making use of the secure supply of power available from bus batteries in the event of a failure of the grid.

HOCHBAHN is cooperating at national government level with two consortia carrying out accompanying research into the battery-powered buses being operated in Hamburg which are funded by the Federal Ministry of Transport and the Federal Ministry for the Environment. The key scientific questions being addressed by this collaboration include the energy requirements and availability of the vehicles as a function of their operational deployment profiles and seasonal weather conditions.

Until the end of 2021, HOCHBAHN is also leading the government-funded RealLabHH project in which 30 well-known project partners are carrying out research into a wide range of topics in eleven sub-projects. The topics include autonomous driving, a mobility platform for all providers, on-demand shuttle services in rural areas, a mobility budget instead of a company car, and innovative solutions for goods transportation. In addition, the HEAT research and development project began offering passenger services in small autonomous buses in HafenCity this year.

In the field of hydrogen technology, HOCHBAHN is participating in the Northern Germany Regulatory Sandbox supervised by Hamburg University of Applied Sciences (HAW) and funded by the Federal Ministry of Economics, the Federal Ministry of Transport and the Federal Ministry for the Environment under the "regulatory sandboxes for the energy transition" initiative. HOCHBAHN intends to purchase and operate a fleet of fuel cell buses for this project, which is being scientifically assessed by evaluative research undertaken throughout Germany.

HOCHBAHN is also working intensively on the technical and practical implementation of highly automated vehicles in the HEAT project. The Institute for Climate Protection, Energy and Mobility (IKEM) is carrying out an in-depth scientific evaluation of the legal framework of this project, while the German Aerospace Center (DLR) is conducting the associated acceptance research.

2. REPORT ON ECONOMIC POSITION

2.1 Macroeconomic and sector-specific environment

The coronavirus pandemic hit the international community quite unexpectedly. On 28 February 2020, just days before the state elections, Hamburg registered its first case of Covid-19. By 23 March 2020 the whole of Germany was on lockdown.

This had a major impact on virtually all branches of industry in Hamburg. During the first lockdown, around one-third of companies registered for short-time working, which affected approximately 27% of Hamburg's working population. Schools and nurseries were closed and shops were shuttered, resulting in a great many trips no longer having to be made.

The Covid-19 crisis hence developed into a global mobility crisis, particularly for local public transport. Germany's federal government put together a rescue package to compensate for the financial hit the municipalities were experiencing due to the loss of revenue from transport companies.

Local transport passenger numbers and fare income slumped owing to the decrease in the number of trips taken during the lockdowns, which was exacerbated by extensive short-time and remote working arrangements, nurseries and schools being closed, leisure time activities and large-scale events being cancelled, and a decline in tourism.

In the first two months of 2020 – i.e. before Germany started to be affected by the pandemic – demand was up 4–6% year-on-year. While the pandemic-related restrictions were in place during March and April 2020, the industry then recorded up to 80% fewer customers. When the restrictions were eased between May and September 2020, demand recovered to around 80%. From the renewed lockdown imposed in November 2020 until today, passenger numbers dropped to below 50%.

The industry lost around €3.5 billion in ticket sales for the months of March to December 2020, because although most regular local public transport customers did not cancel their subscriptions, income from occasional trips essentially disappeared.

2.2 Course of business

The action taken by the federal and state governments to contain the coronavirus pandemic also led to a perceptible drop in passenger numbers at all transport companies in the Hamburg Public Transport Association (HVV) from early March 2020 onwards. Demand in the HVV transport region is estimated to have fallen by around 35.3% in 2020 compared with 2019.

HOCHBAHN recorded around 314.4 million¹ passengers (including those changing means of transport) in 2020. Demand was down 32.6%¹ year-on-year as a consequence of the coronavirus pandemic. This one-in-a-century event rendered the original forecast figure for 2020 obsolete.

January and February 2020 saw the initially anticipated growth in demand, thanks in no small measure to additional steps being taken to increase supply. In March 2020, passenger figures then plummeted by around 40% below the level recorded for the same period of 2019. After passenger figures in April 2020 had fallen by approximately 70% below 2019 demand levels, a slow recovery could be observed once more from May 2020 on. The largely positive rebound in demand continued up to and including September 2020. Demand in September 2020 reached a level that was approximately 25% below demand in 2019. In November and December 2020, federal and state governments adopted and implemented stricter measures to contain the coronavirus pandemic, triggering a further sharp drop in passenger numbers.

In contrast to other German cities and transport companies, the transport services offered by HOCHBAHN were not curtailed to a considerable degree. To offer passengers the level of service to which they are accustomed and provide a high degree of reliability at a time of widespread uncertainty, extensive measures were put in place at very short notice for passengers' own protection. These included stepping up night-time cleaning services on buses and trains and deploying hygiene teams in daily operations, as well as introducing mandatory mask-wearing in local public transport. Furthermore, boarding at the front has been suspended on all buses pending the installation of dividers, and most of the U-Bahn doors open automatically when the train is on the platform.

¹ Provisional figures

Similarly, pinpointed sales and marketing measures have been implemented to win back customers, leading to increased use of HOCHBAHN's services by passengers once again from the third quarter of 2020 until a further lockdown was imposed in November 2020.

HOCHBAHN expects to see a slight improvement in average demand for 2021 versus 2020. Current estimates put demand at around 70% of the figure for 2019, the year preceding the coronavirus pandemic. How demand will develop as a consequence of the pandemic is unclear, however, and depends on a number of different factors that affect demand trends. These include changes in mobility patterns attributable to increased remote working and fewer trips taken for leisure purposes due to the suspension of sporting, recreational and cultural events. HOCHBAHN considers these estimates and assumptions to be appropriate, though actual demand for HOCHBAHN's services in 2021 may deviate considerably from them.

HVV's transport income fell by an anticipated 24.7%¹ year-on-year in 2020. The lower decline in income compared to the development of demand can be attributed to the fact that as a consequence of the coronavirus measures many subscribers stopped travelling with HOCHBAHN but did not cancel their subscriptions. Based on available data, HOCHBAHN expects income for 2020 to develop in line with that of the HVV.

¹ Provisional figures

HOCHBAHN transport performance

	2020 ¹	2019 ²	2018
Number of passengers carried (in thousand)			
U-Bahn	163,436	249,520	251,946
Bus	150,984	217,244	209,999
Total of both divisions (U-Bahn + bus)	314,420	466,764	461,945
Total number company-wide ³	267,257	396,749	392,653
Kilometres per space (in thousand)			
U-Bahn	9,198,359	8,933,221	8,556,431
Bus	4,396,167	4,131,658	3,975,718
Total number company-wide	13,594,526	13,064,878	12,532,149
Passenger kilometres (in thousand)			
U-Bahn	975,711	1,489,636	1,504,116
Bus	469,721	675,858	653,318
Total number company-wide	1,445,432	2,165,494	2,157,434

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	2020	2019	2018
Kilometres per unit in service ² (in thousand)	98,020	94,915	90,071
Kilometres per space ^{1,2} (in million)	9,198	8,933	8,556
Total track length ² (km)	105.8	105.8	105.8
Number of lines	4	4	4
Number of stations ²	93	93	92
Average travel speed (km/h) ²	33.1 ³	33.1	33.3

¹ Standing room calculated at 0.25m² per person

² Including Verkehrsgesellschaft Norderstedt mbH

³ Most popular line, U1: 35.6 km/h

Operating performance in the U-Bahn business improved year-on-year in 2020, with kilometres per unit in service rising by 3.3%. This is mainly attributable to increases in service frequency associated with service campaigns and additional night-time services on the U3.

Owing to the coronavirus pandemic, there are no plans to expand services further in 2021. Kilometres per unit in service are expected to increase to 98,822 thousand as a result of the full impact of the measures implemented in 2020. Due to the planned closure of a stretch of the U3 line, however, there is little evidence of these.

HOCHBAHN operating performance

Bus	2020	2019	2018
Kilometres per unit in service (in thousand)	54,194	51,643	50,797
Kilometres per space ¹ (in million)	4,396	4,132	3,976
Total track length ² (km)	944.1	964.0	938.0
Number of lines ²	119	114	113
Number of stations	1,425	1,402	1,353
Average travel speed (km/h)	18.8	18.7	18.7

¹ Standing room calculated at 0.25m² per person

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

Operating performance in the bus sector increased by 4.9% year-on-year in 2020. This change is mainly attributable to a number of measures implemented to expand the range of services. The target for 2020 was undershot by 0.9%.

A further expansion of services is not planned for 2021 on account of the coronavirus pandemic. As the full impact of the measures implemented in 2020 is offset by lower rail replacement services, a slight decrease in kilometres per unit in service to 54,059 thousand is expected.

Efficiency and carbon emissions of modes of transport

U-Bahn	2020 ¹	2019 ²	2018
Specific energy consumption (in kWh/kilometre per space) ³	0.01211	0.01268	0.01273
Specific CO ₂ emissions (in g/kilometres per space) ^{3, 4, 5}	0.00	0.00	6.04
Specific energy consumption (in kWh/passenger kilometre) ³	0.11416	0.07605	0.07244
Specific CO ₂ emissions (in g/passenger kilometre) ^{3, 4, 5}	0.00	0.00	34.34
Bus ⁶			
Specific energy consumption (in kWh/kilometre per space) ^{3, 7}	0.06123	0.06550	0.06773
Specific CO ₂ emissions (in g/kilometres per space) ^{3, 4, 5, 7}	14.92	16.07	16.69
Specific energy consumption (in g/passenger kilometre) ^{3, 7}	0.57306	0.40044	0.41216
Specific CO ₂ emissions (in g/passenger kilometre) ^{3, 4, 5, 7}	139.61	98.25	101.58

¹ provisional figures

² updated figures

³ Related to the vehicle drive without considering the upstream chain

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: June 2020.

⁵ Starting with the reporting year, the emission factor of 0 g CO₂ per kWh was calculated on the assumption that operation is exclusively based on track power and charge current generated by non-subsidised renewable energy plants with a maximum plant age of 6 years.

⁶ Based on timetable data of the concession of HOCHBAHN

⁷ Sum of diesel, charge current and hydrogen including Jasper and SBG

The City of Hamburg's stated goal is to reduce carbon emissions in Hamburg by 55% by 2030 compared with the 1990 baseline. In its capacity as the key partner in the "Hamburg-Takt", HOCHBAHN also made a commitment to continue with its climate action and the mobility transformation during the coronavirus pandemic.

In U-Bahn operations, track power consumption for U-Bahn services was reduced by 4.5% per kilometres per space, due in particular to effects from the drop in passenger numbers resulting in lower vehicle transport weight and passengers taking less time to board and alight. Since this meant that more travel time was available to reach the next stop on time, track power consumption decreased for the following reason: Hamburg's U-Bahn operations are controlled with the help of automatically calculated switch-off speeds, which are determined

based on the measured departure time and the scheduled arrival time at the next stop. Shorter stop times therefore increase the available travel time. This in turn lowers the maximum speed required for the timetable and shortens the duration of acceleration phases. Both of these variables have a significant impact on track power consumption.

The contradictory trends of greater supply and a pandemic-related slump in demand account for the significant growth in the U-Bahn's specific demand-related energy consumption. Track power consumption of U-Bahn operations rose by 50.1% in terms of passenger kilometres. As in the previous year, HOCHBAHN avoided carbon emissions by continuing to exclusively purchase certified green electricity.

The subsidiaries JASPER and SBG were integrated into HOCHBAHN with effect from 31 December 2019. Statements on the development of specific energy consumption and carbon emissions are made by taking into account the prior-year consumption by the two former subsidiaries.

Once again, total electric bus charge current almost trebled year-on-year, now accounting for 1% of the bus fleet's overall drive system energy consumption. Adopting the same strategy as for the U-Bahn system, by exclusively purchasing high-quality certified green electricity HOCHBAHN avoids carbon emissions for this portion of bus drive power.

In bus operations, energy consumption per kilometres per space was reduced by 6.5%. The decline is attributable to the increasing deployment of electric buses and is also a consequence of technical advantages resulting from the lower volume of traffic during the coronavirus pandemic. Average travel speed of the bus services rose by 0.1 km/h year-on-year as a result of the decrease in traffic. The smoother traffic flow makes the vehicles more energy efficient. The lower transport weight due to smaller passenger numbers has the same effect. By contrast, the pandemic-induced slump in demand increased the specific energy consumption of bus drive systems by 43.1%.

Comparing the development of energy consumption figures with the development of the bus fleet's carbon emissions reveals similar trends: carbon emissions increased by 7.2% per kilometres per space and by 42.1% in terms of passenger kilometres. However, due to the progressive exchange of drive systems, the carbon trend values were lower than the energy efficiency trends. HOCHBAHN intends to increase its overall fleet of electric buses to 115 vehicles by the end of 2021 and to continue purchasing certified green electricity for them.

HOCHBAHN rolling stock

U-Bahn		2020		2019		2018	
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	90	30	90	30	126	42
DT4 ²	1988–2005	504	126	504	126	504	126
DT5	2012–2020	363	121	327	109	291	97
Total rolling stock held ²	Number	965	281	929	269	929	269
	Spaces ³		88,119		85,239		85,421
Total ready for operation		894	257	902	259	872	249

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

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

³ Standing room calculated at 0.25m² per person

Bus	2020	2019	2018
City and express buses ^{1,2}	617	622	607
Articulated buses ^{1,2}	314	301	300
Large-capacity articulated buses ¹	93	90	30
Diesel hybrid articulated buses ¹	20	20	15
Fuel cell battery articulated buses ¹	2	2	2
Fuel cell/hybrid/plug-in buses ¹	25	25	22
Battery-powered buses ¹	36	30	4
All buses			
Number ²	1,107	1,090	980
Spaces ^{2,3}	91,583	89,654	78,141

¹ Low-floor buses

² In 2019, 6 articulated buses and 78 city buses were acquired from subsidiaries.

³ Standing room calculated at 0.25m² per person

2.3 Net assets, financial position and results of operations

2.3.1 Results of operations

In 2020, HOCHBAHN's transport income fell by €74.8 million year-on-year to €370.7 million. The decrease is mainly due to the huge drop in passenger numbers as a consequence of the coronavirus pandemic. In addition, in the final calculation of the revenue distribution by HVV for the year 2019, HOCHBAHN's proportional share was set at 48.55% instead of the originally assumed share of 48.75%. The lower rate is also applied to the current reporting period. An increase in HVV fares effective 1 January 2020 by an average of 1.3% only led to comparatively small increases in revenue. Revenue from charging on vehicle, personnel and material costs totalled €63.8 million and remained on a level with the prior-year figure of €64.0 million.

Own work capitalised in the 2020 financial year amounted to €29.3 million, up €0.2 million year-on-year.

Other operating income rose by €78.6 million year-on-year to €132.8 million, due primarily to an increase in subsidies received from €25.7 million to €128.3 million. In addition to project-related subsidies, for example for planning services associated with expansion of the U-Bahn network, HOCHBAHN received voluntary relief payments in the amount of €104.0 million from the federal government and the Free and Hanseatic City of Hamburg (FHH) to compensate for financial losses in local public transport incurred in connection with the outbreak of Covid-19.

Gross revenue improved during the 2020 financial year, increasing by €2.6 million to €620.4 million.

The cost of materials fell by €11.3 million year-on-year to €240.9 million. This is mainly due to the €37.8 million decrease in expenses for transport services, as the merger of Jasper and SBG into HOCHBAHN means that HOCHBAHN now provides the transport services. On the other hand, expenses arising from the full-service bus contract with FFG increased by €15.9 million by virtue of the larger bus fleet following the merger.

Personnel expenses rose by €54.6 million year-on-year to €328.8 million. Apart from additional hires, this is primarily due to the increased headcount resulting from the merger of Jasper and SBG.

Other operating expenses fell by €6.9 million in 2020. In addition to the general increase in costs, this is due, among other things, to an income contribution granted to BEG in the amount of €10.0 million. No one-time effects were incurred in 2020. In addition to a general rise in costs, insurance costs were up on account of the larger bus fleet, and rental expenses rose due to leasing of additional office and operating space.

HOCHBAHN's operating profitability decreased year-on-year in 2020. As a result, EBITDA (earnings before loss absorption, net interest income, taxes, depreciation and amortisation) fell by €37.4 million to €2.1 million. Despite the €2.6 million increase in gross revenue, the net loss before loss absorption for 2020 rose by €44.6 million year-on-year to €113.4 million, primarily as a result of achieving Hamburg's transport policy targets. As part of the paradigm shift that now includes a massive expansion of services instead of the previous reactive, demand-oriented approach to providing services, staff costs, cost of materials, energy costs and capital costs increased as a result of the implementation of several measures aimed at improving HOCHBAHN's services. Positive effects on the income side from the increased provision of services are anticipated to materialise with delay.

In 2020, HOCHBAHN's cost coverage ratio fell by 5.4 percentage points year-on-year, from 90.1% to 84.7%.

Despite the year-on-year trend, the budgeted figures for the 2020 financial year regarding net loss (€144.3 million), EBITDA (-€26.7 million) and cost coverage ratio (81.3%) were exceeded in each case.

Net loss for the financial year (€ million)	2020	2019	2018
	113.4	68.8	51.0

Cost coverage ratio (%)	2020	2019	2018
	84.7	90.1	92.2

2.3.2 Financial position

The condensed cash flow statement below shows the source and use of financing resources during the 2020 financial year and is presented in line with DRS 21. The subsidy payments agreed by HOCHBAHN are included in cash flow from investing activities on a net basis.

Cash funds as at 1.1.2020	€9.5 million
Cash flows from operating activities	- €78.7 million
Cash flows from investing activities	- €181.4 million
Cash flows from financing activities	+ €331.2 million
Cash funds as at 31.12.2020	€80.6 million

The cash funds as at 31 December 2020 consist of liquid funds.

Durable capital goods that cannot be covered by internal financing are generally financed by long-term bank loans. In order to finance investments totalling €224.4 million before subsidies and make scheduled repayments on old loans amounting to €78.4 million, HOCHBAHN took out two long-term loans with a total volume of €64.9 million as part of its financing activities in 2020. Until a €500.0 million green bond was issued in February 2021, the remaining financing needs were financed from the HVV Group's cash pool.

Loan liabilities at the end of the financial year were €1,051.1 million, representing a year-on-year decrease of €14.0 million or 1.3%.

HOCHBAHN had committed credit lines at German banks with a total volume of €8.0 million. These credit lines can be used freely as part of the company's ordinary business activities and were drawn down in the amount of €4.2 million.

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 finance in future.

HOCHBAHN was able to meet its payment obligations at all times during 2020.

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 on the capital market.

Capital expenditures

In the 2020 financial year, HOCHBAHN incurred gross capital expenditures (before deduction of subsidies) totalling €224.4 million. Comprising 77.7% of total capital expenditures during the reporting year, the company's investing activities once again focused on U-Bahn operations, including infrastructure, with a total of €174.4 million. Of this amount, €63.8 million was spent on the procurement of DT5 units, €18.8 million on measures for new U-Bahn construction (construction of a loop line and siding complex, extension of the U4 to Elbbrücken, connection structure between Elbbrücken station and S-Bahn, extension of the U4 line to Horner Geest, U5 East), €17.9 million on the conversion of U-Bahn stations to enable barrier-free access, €15.7 million on above-ground construction, €9.7 million on structures along the line, €6.8 million on construction of the new Billstedt U-Bahn workshop, €6.4 million on replacement of communications equipment, €3.1 million on optimisation of the signalling system and €2.4 million on construction of the new Oldenfelde U-Bahn station. Further investments in the U-Bahn system involved the refurbishment and extension of existing rolling stock and facilities.

A total of €41.5 million was invested in the bus system, including €15.9 million for the purchase of new buses, €12.7 million for the electrification of bus depots, €7.3 million for (developed) land and €3.2 million for the expansion of the Alsterdorf depot.

Investments in common facilities totalled €6.9 million, including purchases of (standard) hardware and software (€1.7 million), the replacement of ticket machines (€1.6 million), the refurbishment of service points and the purchase of SAP licenses (€0.7 million in each case) and full electronic ticketing services (€0.6 million).

Investments in financial assets mainly related to the purchase of money market fund shares in the amount of €1.6 million, which serve to finance partial retirement and long-term working hours accounts.

The following table shows a summary over several years:

Capital expenditures	2020 € million	2020 % share	2019 € million	2018 € million
U-Bahn				
New rolling stock and facilities				
DT5	63.8	28.4	75.9	87.6
Construction of new U4 U-Bahn line	11.1	5.0	8.0	20.6
Construction of new U5 U-Bahn line	7.7	3.4	1.3	0.0
Oldenfelde station	2.4	1.1	8.4	4.8
Billstedt U-Bahn workshop	6.8	3.0	11.9	12.6
Existing rolling stock and facilities				
Tracks, trackside equipment, safety installations, construction projects and rolling stock	82.6	36.8	106.9	77.0
U-Bahn subtotal	174.4	77.7	212.4	202.6
Bus				
Rolling stock, fixtures and fittings, facilities and installations at bus depots	41.5	18.5	105.9	74.8
Bus subtotal	41.5	18.5	105.9	74.8
Shared facilities	6.9	3.1	4.5	4.8
Long-term financial assets	1.6	0.7	1.3	10.1
Total capital expenditures	224.4	100.0	324.1	292.3

According to the current business plan, investments are expected to increase to around €444 million in 2021. The primary focus of these investments is the procurement of U-Bahn rolling stock and buses.

2.3.3 Net assets

As at 31 December 2020, HOCHBAHN's total assets increased by €171.7 million or 11.2% year-on-year to €1,701.0 million. HOCHBAHN recorded an increase in tangible fixed assets in 2020, primarily due to investments. These mainly related to the procurement of new DT5 generation U-Bahn rolling stock and buses and the extension of the

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

As at the balance sheet date, equity stood at €167.4 million. As a result of the increase in total assets, the equity ratio fell by 1.1 percentage points year-on-year to 9.8%.

	2020 € million	2020 % share	2019 € million
Assets			
Tangible and intangible fixed assets	1,349.3	79.3	1,261.7
Long-term financial assets	149.5	8.8	148.1
Inventories	27.2	1.6	25.2
Trade receivables	16.9	1.0	20.0
Cash	80.6	4.7	9.5
Other current assets and prepaid expenses	77.5	4.6	64.8
Total assets	1,701.0	100.0	1,529.3
	2020 € million	2020 % share	2019 € million
Equity and liabilities			
Equity	167.4	9.8	167.4
Pension provisions	84.9	5.0	76.7
Liabilities to banks	1,051.1	61.8	1,065.1
Other provisions	117.7	6.9	123.7
Trade payables	35.0	2.1	56.5
Other liabilities and deferred income	244.9	14.4	39.9
Total equity and liabilities	1,701.0	100.0	1,529.3

A further rise in total assets to around €1,955.8 million is expected for 2021 due to persistently high levels of investment. This means that the equity ratio would decrease further to an anticipated 8.6%.

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 HOCHBAHN employees

As at 31 December 2020, the number of people employed by HOCHBAHN increased by 234 employees year-on-year.

	31.12.2020	31.12.2019	31.12.2018
Full-time employees	5,560	5,395	4,682
Part-time employees	604	546	471
Management Board members	4	4	4
Trainees	140	129	131
Total employees	6,308	6,074	5,288

The year-on-year increase in the number of employees is mainly attributable to the considerable expansion of services and the associated rise in demand for bus and U-Bahn drivers. Additional staff were also required in several different areas in connection with the expansion of the U-Bahn network.

Collective wage agreement

The negotiations held in 2020 concerning the framework collective agreement on employment conditions terminated by the ver.di trade union with effect from 31 December 2019 and the collective wage agreement terminated on 31 August 2020 were accompanied by warning strikes for the first time in 30 years in 2020. An agreement was reached with ver.di in December 2020 as part of an arbitration process.

The new collective wage agreement includes a pay increase of at least 1.4% (at least €50) from 1 April 2021 and a further 1.8% increase from 1 April 2022, and runs from 1 September 2020 to 31 December 2022. A coronavirus bonus of €950 was also paid out in December 2020.

The framework collective agreement terminated with effect from 31 December 2019 was reinstated and extended until 31 December 2021.

From 2021 onwards, holiday pay and the annual special payment will be combined into a single special payment that amounts to 80% of the collectively agreed standard remuneration. In addition, 24 and 31 December will also be holidays each year from now on, while employees on shift work will receive two additional days off.

It was also agreed that transport and operations staff will be classified in pay category EG5 instead of EG4 from 1 June 2021 onwards. Separate negotiations with the trade union to classify or reclassify technical staff and reduce stress at work are scheduled to take place in 2021.

Vocational training / work-study programmes

In 2020, HOCHBAHN trained an average of 121 trainees and work-study programme students ("dual students") in 17 different roles and study programmes, including 12 part-time trainees. In autumn 2020, the range of work-study programmes was expanded to include an additional position specialising in construction and real estate industrial engineering at hs21 Buxtehude.

The proportion of female trainees and work-study programme students is currently 31%. The share of female trainees in technical/industrial apprenticeships is currently 20%.

Of the 32 graduates in 2020, a total of 30 trainees and work-study programme students became HOCHBAHN employees after completing their training (94% of graduates), including the first graduates of the part-time dialogue marketing administrative assistant training launched in 2017.

To encourage digital work and learning, the new trainee class was equipped with tablet computers, a professional online portal was used for technical/industrial training, and digital tools were implemented to facilitate collaboration. The onboarding process was also successfully carried out in a hybrid format in summer 2020.

Integration of refugees

Since the successful launch of the refugee project in conjunction with DEKRA and the Jobcenter in 2017, HOCHBAHN has employed 52 of the 123 migrants to have taken part in the training programme so far as bus drivers as of 31 December 2020. Two further training courses with a total of 37 participants began in 2020. The company plans to continue with additional training courses in 2021.

Diversity

Home working survey

A diverse workforce has different needs when it comes to where and when they work. Analysing this issue is also part of diversity management. There was a particular focus on mobile working during the coronavirus crisis of 2020. Employees who worked from home either completely or partially during lockdown completed a three-part survey on working from home conducted with scientific support from Prof. Prisc Brosi (Kühne Logistics University). Our employees' responses provided a valuable insight into how mobile working at HOCHBAHN could work in the future. An interdisciplinary working group has been taking an integrated approach to considering and developing this issue since autumn 2020.

Pride Bus

HOCHBAHN planned to enter a truck in the Pride Parade as part of Hamburg's Christopher Street Day celebrations. After the event was cancelled due to coronavirus, we decorated a bus with the rainbow flag and other queer designs instead and began running it for approximately two years on various lines as the Pride Bus at the end of July 2020. The bus sends a visible message to the city that queer issues form part of HOCHBAHN's inclusive culture.

Targets for the proportion of women in leadership positions

On 12 December 2016, the HOCHBAHN Supervisory Board agreed target percentage of at least 37.5% for women on the Supervisory Board and at least 25% on the Management Board. At the Supervisory Board meeting on 2 March 2017, it was retrospectively determined that these quotas should apply until 31 December 2020. As at 31 December 2020, the share of female Supervisory Board members was 31.3%, below the company's target. The proportion of women on the Management Board met the target at 25%.

In the Supervisory Board meeting on 2 March 2017, the Management Board informed the Supervisory Board of the gender quota it set for the first and second management levels below the Management Board. According to Section 111 (5) and Section 76 (4) of the German Stock Corporation Act (AktG), which were incorporated into the Act to ensure equal participation of women and men in leadership positions within the private and public sectors, HOCHBAHN's boards and committees have set a target of at least 28% for the proportion of women at the first level of management, including managing directors of subsidiaries, and at least 19% for the second level of management. Both targets apply until 31 December 2020.

While the target for the first management level was missed at 22% as at 31 December 2020, the target for the second management level was achieved with a quota of 20%. HOCHBAHN continues to strive to reach the targets set for all levels of management.

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. REPORT ON EXPECTED DEVELOPMENTS, OPPORTUNITIES AND RISKS

3.1 Report on expected developments

The ongoing coronavirus pandemic is causing major changes to the wider economic environment. It is not yet possible to quantify its impact on the 2021 financial year. The forecasts and target figures stated below are based on the business plan for 2021 approved by the Supervisory Board on 11 December 2020.

“Hamburg-Takt”: the sustainability and resilience strategy for local public transport

Early 2020 was shaped by the task of taking climate action for the benefit of society as a whole. The Hamburg Parliament made climate action a state objective by including it in the preamble to the Constitution of Hamburg. This was accompanied by a Climate Change Act and the first update of the Hamburg Climate Plan.

Its declared aim is to reduce carbon emissions in Hamburg by 55% by 2030 compared to the base year of 1990. The City has set sector-specific goals to help it achieve this target. More than a quarter of today's carbon emissions are caused by the transport sector. Compared to 1990, there were no significant savings in carbon emissions in this area. To reverse this trend, the Climate Plan lists measures in the “Path to the Mobility Transformation” that are designed to ensure that the climate action targets in the transport sector are achieved by 2030. The most relevant element of the City's local public transport strategy is the “Hamburg-Takt”. The measures under the “Hamburg-Takt” are intended to improve the mobility of Hamburg residents and give them a better quality of life thanks to lower emissions. The “Hamburg-Takt” represents a paradigm shift in local public transport. Its aim is that every passenger can access an adequate public mobility offering anywhere in Hamburg within five minutes. Due to Hamburg's dispersed structure, this entails integrating on-demand and sharing services into the local public transport system. The “Hamburg-Takt” is centred on the philosophy that mobility services must be geared to people and their continually changing needs. This relates to both the offering and the service and seeks to get people to make the switch from their own cars to local public transport (modal shift). As a result, the modal split in favour of local public transport is expected to increase from 22% in 2017 to 30% in 2030.

The paradigm shift in the local public transport offering has been evident since 2018. A variety of measures implemented to improve the offering to coincide with the 2018/19 timetable change (+1.7% bus, +5.2% U-Bahn) and the 2019/20 timetable change (+4.4% bus, +2.5% U-Bahn) increased the offering significantly compared with the previous decade.

Expansion of the local public transport system was the central issue in the state elections in February 2020. In the end, the re-elected red-green coalition formed its own Department of Transport and Mobility Transformation in June 2020. The “Hamburg-Takt” was classified as a relevant topic of the government's work during the 2020–2025 legislature. The coalition partners also set up a Senate Commission for Climate Change and the Mobility Transformation under the direction of the First Mayor.

“Hamburg-Takt” during the coronavirus crisis

To safeguard the basis of HOCHBAHN's business as a public company, it is now necessary to focus HOCHBAHN's attention on winning back customers and achieving customer loyalty.

HOCHBAHN's success depends directly on its ability to become resilient to the effects of the coronavirus crisis as quickly as possible. In keeping with the “Hamburg-Takt”, this entails aligning local public transport with customers' changing needs.

The emphasis is therefore on measures that are exceedingly relevant for the transformation in mobility up to 2030, but that will also help to win back customers. HOCHBAHN has drawn up an action plan, the “Anti-coronavirus Plan”, which builds on several pillars.

One of these is to digitalise fares and sales and increase their flexibility. The option to pause subscriptions until the end of August 2020 successfully counteracted the large number of subscription cancellations. The value of the subscription was also increased with the “Share your Abo” (Share your subscription) campaign. Another action was the introduction of the summer ticket. This was closely tied in with the launch of the hvv switch app, the central mobility platform that will incorporate all of the City's private and public mobility providers including the billing process into a single app in the future.

Another pillar is the offering itself. The Senate and the transport companies jointly decided to continue the offering during the first and second lockdowns. This guarantees very attractive local public transport services for the remaining customers throughout the crisis. An additional on-demand night-time service was also developed during the first lockdown with taxis and MOIA.

Coronavirus signposting was introduced at selected U-Bahn stations for better passenger guidance. Hamburg's S-Bahn system adopted this concept as well. The idea of having common signs and uniform customer information will be implemented and refined in 2021 in a pilot project involving several transport companies, the "innovation stop" at Dammtor/Stephansplatz.

"Hamburg-Takt" after the coronavirus crisis

The three systems of rapid transit, buses and ferries form the backbone of the "Hamburg-Takt" before, during and after the crisis. One of the City of Hamburg's core projects is still the expansion of the U-Bahn network (extension of the U4 line to Horner Geest and to Kleiner Grasbrook, planning of the new U5 line).

The existing U-Bahn network must also be expanded in an efficient, stable and reliable way. It is expected that by the mid-2020s at the latest, the passenger number equivalent will reach the 2019 pre-crisis level. As passenger numbers rise, the focus will shift back to increasing the frequency of the U-Bahn service. The coming years will therefore be used to upgrade the existing network.

For the U-Bahn, the company took the last possible option to procure 32 units of DT5 rolling stock. This ensures that capacity can be extended depending on a steep curve for passenger recovery.

With regard to the bus system, the focus in the coming years will also be on expanding and upgrading the infrastructure. In 2020, HOCHBAHN started to plan a new bus depot in Meiendorf. Renovation of the existing depots to cater to e-mobility requirements, also taking hydrogen into account, will continue, as will the expansion of the road infrastructure for buses.

However, the increase in bus and rail operating performance up to 2030 will clearly depend on how coronavirus-induced mobility patterns change once the pandemic is over. Efforts to win back customers in the coming years will initially focus on additional measures to make fares more flexible, but also on the further expansion of switch points and deep integration of additional providers in the hvv switch app.

Consequently, the long-term strategy of HOCHBAHN and Hamburg's local public transport network must also be kept in mind in managing the crisis. Decisions on further action will be geared to the current crisis and winning back customers, but with an eye to strategic implementation of the "Hamburg-Takt" by 2030 and thus also to the City's commitments to climate action.

The "Hamburg-Takt" is therefore a strategy for ensuring that Hamburg's local public transport network is and remains sustainable and resilient, both during the current coronavirus crisis and for climate change mitigation based on the philosophy "greater mobility with lower emissions".

Barrier-free upgrading of U-Bahn stations

Providing people with limited mobility with access to local public transport is of particular concern for the Senate of the Free and Hanseatic City of Hamburg and HOCHBAHN. In light of this, the Free and Hanseatic City of Hamburg launched a programme to accelerate upgrades in this area in 2011. As part of this programme, 40 U-Bahn stations have already been upgraded to allow barrier-free access by the end of 2019.

Four further stations (Landungsbrücken, Klein Borstel, Fuhlsbüttel Nord and Straßburger Straße) became barrier-free in 2020, which means that 82 of the 93 stations in the U-Bahn network were barrier-free by the turn of the year 2020/2021. This equates to an upgrade rate of around 88%.

Construction work also began on four further stations (Jungfernstieg, Steinstraße, Rathaus and Mönckebergstraße) in 2020. The stations at Jungfernstieg and Steinstraße are expected to become barrier-free in the spring of 2021.

Construction work on the Mönckebergstraße and Rathaus stations began in summer 2020. Work to upgrade the platforms at both of these stations will start in January 2021 as part of a service interruption lasting approximately 14 months. The stations are then expected to become operational in 2022.

The approval processes for three further stations (Alsterdorf, Hudtwalckerstraße and Messberg), for which conversion work is scheduled to begin in 2022, are due to start in summer 2021.

The planning process for the Sierichstraße and Saarlandstraße stations is also set to start in 2021. Grant applications for planning funds are currently being prepared.

U-Bahn network expansion

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 2020/2021:

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

The application for funding for the determination of planning content, preliminary planning and design planning has been approved for the construction of the new Fuhlsbüttler Straße station on the eastern branch of the U3 U-Bahn line between the Barmbek and Habichtstraße stations. Corresponding contracts have been awarded. The planning content has been determined and the preliminary planning is now under way.

Public participation also kicked off in autumn 2020, showing that the vast majority of the district's residents are in favour of the stop. Access facilities, environmental planning and the design of the stop will be put up for discussion in spring 2021 in the next step of the public participation.

With regard to the project to extend the U4 line to Kleiner Grasbrook, HOCHBAHN was notified in April 2020 of the decision to award a grant totalling €4.4 million for planning services up to the preliminary planning stage (work stage 2 according to HOAI, the Regulations on Architects' and Engineers' Fees). Due to the huge importance of

the planned route for urban development, a preliminary architectural design competition for engineers and architects will take place. The aim of the competition is to develop a basic variant that optimally implements the line's integration into the new district from a technical, design and economic perspective. The architectural design competition is scheduled to be completed by early 2022 and the preliminary planning by the end of 2022.

In the project to extend the U4 line to Horner Geest, HOCHBAHN received planning permission to expand the U4 line to Horner Geest in a letter from the Legal Office dated 13 February 2020. The application for project funding under the Local Authority Public Transport Financing Act (Gemeindeverkehrsfinanzierungsgesetz – GVFG) was submitted by the Department of Transport and Mobility Transformation to the competent government ministry, the Federal Ministry of Transport and Digital Infrastructure, in September 2020.

At the end of 2020/beginning of 2021, work took place in stages to remove any explosive ordnance found. The pipeline to the waste water treatment plant is also in construction. In February 2020, during the previous tree-felling season (2019/2020), a total of 190 trees had been felled. A further 350 trees have been felled in the current tree-felling season. The contractor for the preliminary measures has completed most of its work. This included building four pipeline bridges. The prime contractor for Section 1 was contracted on 9 December 2020. The ground-breaking ceremony for construction of the U4 extension to Horner Geest took place in February 2021.

When preparatory construction work began in early 2020, construction site communications relating to the U4 extension to Horner Geest also commenced.

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

The planning permission process for the U5 East planning segment (Bramfeld–City Nord, application submitted on 20 March 2019) was augmented through the addition of a request for amendment including a public consultation. On account of the coronavirus pandemic, the planning authorities conducted an online consultation (instead of a public hearing) between 21 and 30 October 2020. All responses and supplementary statements from this procedural step were handed over by HOCHBAHN by the beginning of 2021. In November 2020, HOCHBAHN submitted a second request for amendment to the planning authorities.

These plans, together with consultations with municipal departments, technical experts and residents, were advanced on schedule far enough in the 2020 financial year that the main construction work can be tendered as soon as planning permission is obtained. In view of the aforementioned circumstances, it is expected that planning permission will be obtained in the first half of 2021. Construction is still scheduled to start at the end of 2021.

Construction site communications on the start of construction of the first section of the U5 from Bramfeld to City Nord are currently being prepared. One of the first steps is a public process to find definitive names for the stations that will henceforth be used in communications.

Disposal management for the uncontaminated or only slightly contaminated excavated soil was continued to the extent that a letter of intent (LOI) was concluded with the Hamburg Port Authority for an interim storage area in the Port of Hamburg and a preliminary contract was signed with HOLCIM as the operator of the quarry to be filled. Planning of the interim storage area began in 2020, and the necessary approval processes are set to be initiated in 2021. The U5 East project is still within budget.

In the U5 Central (City Nord – Innenstadt – Arenen) planning segment, the preliminary planning was continued in all segments, with the result that by the end of 2020 the marked-out routes for all sections had been approved by the political bodies. This process ended with a briefing and the participation of the Transport Committee of the Hamburg Parliament on 5 January 2021. Extensive press briefings and city-wide communications measures in connection with the process took place in parallel.

A letter of intent was signed with the University Medical Center Hamburg-Eppendorf (UKE) for a stop on the hospital premises.

The ongoing preliminary planning will be completed in 2021 and the tenders for the subsequent planning stages prepared. In accordance with the agreements between FHH and HOCHBAHN, the design and approval planning will initially focus on a section east of the Alster River (between City Nord and Beethovenstraße). The grant application will be submitted in the first half of the year and is expected to be approved by FHH in mid-2021. In addition, it is planned to further qualify the preliminary planning in particularly complex subsections, including in the city centre and around the arenas.

hvv switch project

The hvv switch project reached a key milestone with the successful public launch of the mobility platform in June 2020. Since the launch, the app has offered users the option of a quick HVV ticket purchase, supplemented by the so-called deeply integrated service of MOIA. The platform enables users to buy tickets or use MOIA from a single source, starting with initial registration and service selection all the way to using services and billing. No additional registrations are required for MOIA or to use an additional app.

At the same time, the “switchh” brand was replaced by “hvv switch”. hvv switch signals a new understanding of mobility and a new service in and around Hamburg. hvv switch gives users the best of both worlds: HVV as the brand for the Hamburg metropolitan area that is synonymous with reliable, modern local public transport offering, plus all relevant sharing services that ideally complement the local public transport network.

As time goes on, the mobility platform will be gradually expanded to include new mobility services and functions. With SIXT share the first car sharing service will be integrated into the mobility platform and made available to users via the hvv switch app. In parallel, there are plans to begin the implementation work for the deep integration of the second car sharing service Miles as well as the scooter sharing provider TIER. Furthermore, the hvv switch points offering is to be integrated into the mobility platform in the second quarter, allowing users of the hvv switch app to access information about locations, available vehicles and free parking spaces. An initial pilot for a digital mobility budget will also be implemented by summer 2021. This will be aimed at companies wishing to provide their employees with a mobility budget for business and possibly also personal use. Looking ahead to the ITS World Congress that Hamburg will host in October 2021, special attention will be paid to the implementation and testing of the new Check-in/Be-out functionality, especially in the first half of 2021.

During the further course of 2021 and into 2022 there will be general functional enhancements such as the integration of new payment methods, along with deep integration of additional mobility services such as StadtRAD, SHARE NOW, Cambio, and Hansa Taxi.

The mobility platform will also continue being developed in 2021, including in the context of the Hamburg Digital Mobility RealLab. This real-world laboratory is designed to practically test various mobility solutions in and around Hamburg and was launched by the National Platform for the Future of Mobility (NPM), a body set up by the Federal Government to monitor and analyse current and future trends in the field of mobility.

Building on the existing hvv switch points, further hvv switch points will be implemented in 2021 and subsequent years. The integration of charging infrastructure into the hvv switch points will also be continued.

E-Bus system

The City of Hamburg gave HOCHBAHN and all other Hamburg transport companies the political remit of acquiring only local emission-free buses from 2020 onwards. The plan is to convert the entire fleet by the early 2030s.

In light of this, HOCHBAHN procured and put into operation 30 battery-powered buses (20 Evobus and ten Solaris) in 2018 and 2019. A total of 30 more battery buses have been ordered for 2020, of which seven were delivered by the end of 2020. The outstanding 23 buses are scheduled for delivery in the first quarter of 2021. The company plans to order 53 buses for 2021.

Fuel cell technology and with it the use of hydrogen could remain an option for HOCHBAHN for significantly extending the range of electric buses. Based on the information available today, the first battery-powered buses with fuel cells as range extenders are expected to roll off the production line in the first half of 2022.

In addition to vehicles, the infrastructure also needs to be equipped for a fleet comprising only electric-powered buses. Initial measures such as constructing charging facilities for e-buses, creating specialist roles in the workshop and providing staff with the necessary qualifications have already been implemented at the Alsterdorf and Hummelsbüttel depots. All production-ready battery-powered buses are currently stationed at these depots. Upgrading and expanding the existing capacity at the Hummelsbüttel depot began in 2020. Other bus depots will follow gradually over the next decade. The bus depots will be equipped to enable the use of buses running with fuel cell technology.

The development and enhancement of the digital infrastructure will also be an important component of smooth and efficient passenger operations. As part of these efforts, the existing depot management system (DMS) will be converted into an e-DMS. In addition, a load and charge management system was developed to coordinate and optimise the electricity supply and charging processes. Both systems will be further expanded and optimised in the coming years.

Sustainable capital market instruments

To implement the City of Hamburg's Climate Plan and the "Hamburg-Takt"/Integrated Local Public Transport initiative, HOCHBAHN expects to invest €2.1 billion in vehicles and in network expansion and modernisation projects between 2021 and 2024. Further investments in fixed assets amounting to billions of euros are likely to be needed by 2030 in order to meet the transport authorities' requirements and reach the associated climate policy targets. In the medium term, net borrowings are expected to amount to €1.4 billion after taking grants into account.

In the past, investments have primarily been financed via grants and traditional loans by third parties. In light of the large-scale future financing volume and the associated need to diversify the financing portfolio, HOCHBAHN has been exploring the possibilities offered by various sustainable capital market instruments, particularly the issuance of a green bond. In the run-up to the issuance of a green bond, the Fitch firm rated HOCHBAHN in September 2020, resulting in the best possible rating of AAA. In February 2021, a green bond in the amount of €500.0 million was issued.

Expected future development of earnings at HOCHBAHN

The development of earnings stated below is based on the business plan for 2021 approved by the Supervisory Board on 11 December 2020. The coronavirus pandemic continues to have a serious impact on earnings. An updated business plan is not currently available. For information on the effects on 2021 earnings, please refer to the information presented in the risk report.

As a result, a net loss of €206.0 million is projected for 2021. The forecasts derived from this are EBITDA of -€75.3 million and a cost coverage ratio of 75.3%. The deterioration in earnings in 2021 versus 2020 will be largely due to the fact that income of €104.0 million was entered in the accounts in 2020 as a result of notifications with regard to the rescue package. Nothing of a similar magnitude has been factored into the business plan for 2021. Cost increases are also triggered by the implementation of political targets with an expansion in services as well as the procurement of only local emission-free buses from 2020 onwards. This will result in significant cost increases in the production factors of staff, materials and energy in particular. Capital costs are also set to rise due to vehicle procurement on the one hand (DT5 rolling stock and local emission-free buses) and essential infrastructure investments on the other.

3.2 Report on risks and opportunities

Risk and opportunity management

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

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

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

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

To the extent this is possible, the same instruments and processes are used for the treatment of risks and opportunities during the inventory processes. The standard assessment period is the next 12 months. Specific rules are applied to risks and opportunities that occur outside this period. Any offsetting of risks and opportunities is excluded.

Risks

Various material risks for HOCHBAHN are presented below, together with an explanation of the overall risk position as at the end of 2020:

Insufficient increase in HVV fare

The HVV fare and fare structure are adjusted each year to reflect the general cost trend.

Prior to the coronavirus pandemic, issues such as the €365 ticket and free local transport defined political debate about local transport fares in Germany, including in Hamburg. A €365 subscription for Hamburg represents a price drop of around 65% and will cause a loss of revenue. Transport authorities will not be able to offset such massive intervention in the fare system without receiving appropriate funding.

The fare update process has been suspended under the current conditions caused by the coronavirus pandemic. The current system is based solely on the rate of inflation. This may mean that HOCHBAHN's cost increases (for fuel, staff, etc.) are not sufficiently covered. The annual increase for 2021 amounts to 1.4% on average. On this occasion, pricing was determined without indexing or a structural supplement.

Impact of construction work

A number of larger construction projects, combined with additions, expansions and maintenance, are expected to take place on the HVV regional rail network over the next few years. This applies to HOCHBAHN's U-Bahn infrastructure as well as the S-Bahn network, which is owned by Deutsche Bahn.

These in-house and third-party construction projects will result in a reduced transport service and/or the complete suspension of services on affected sections of track, which will have a significant impact on passenger numbers and cannot always be predicted with certainty in advance. Risks impacting demand also include delays to construction work, a lack of or insufficient replacement bus services, as well as customer behaviour that does not meet forecasts in relation to alternative transport services. This may mean that the income from HVV fares and its distribution is lower than planned.

Competitive staff costs

The coronavirus pandemic caused disruptive changes to the world of work triggered by many jobs shifting to home working as well as the use of digital telephony and videoconferencing services. This rapid digitalisation trend will continue to transform both the world of work and our private surroundings, and thus future applicant requirements, in the short and medium term.

HOCHBAHN continues to anticipate a recruitment risk in virtually every area of the company in the medium term. From today's perspective, this risk is assessed as steadily increasing in the medium term. However, we are currently observing an increase in inquiries from qualified applicants as a result of the growing uncertainty in the labour market caused by the coronavirus pandemic. Nevertheless, this trend is expected to be temporary. Despite the improved applicant situation, remuneration levels will remain a critical factor for successful recruitment.

As a result, we will continue to closely monitor the situation in the labour market.

Coronavirus pandemic

The social and economic significance of the coronavirus pandemic is unprecedented. More than a year after the initial outbreak, it is still difficult to reliably assess the consequences of the crisis. We are closely monitoring the events of the pandemic and the measures introduced by the Senate of the Free and Hanseatic City of Hamburg (FHH) in the Hamburg metropolitan area. From today's perspective, it is extremely difficult to predict the specific impact of these events and measures on the HOCHBAHN Group.

The Department of Transport and Mobility Transformation (BVM) decided to maintain a substantial part of the city's local public transport service during the pandemic.

At the start of the pandemic in spring 2020, HOCHBAHN established an operations team to serve as the central contact for Hamburg's health authorities. We also followed the Robert Koch Institute's recommendations for tackling the pandemic, reviewed them for their operational feasibility and developed specific measures for HOCHBAHN. This catalogue of measures is constantly being updated and is available to all of the company's employees via the employee portal, offering helpful information and advice.

The aim of this catalogue of measures is to

- protect our passengers and staff from infection, and
- ensure a stable U-Bahn and bus service.

The pandemic has the potential to fundamentally affect all internal processes and organisational units. To prevent losses and minimise risks, working groups across the company have reviewed the "pandemic vulnerability" of their key internal processes and have developed strategies to tackle this.

To date, there have been no restrictions on HOCHBAHN's technical departments as a result of the pandemic. We stockpiled additional spare parts to prevent potential pandemic-related interruptions to spare part supply chains and keep U-Bahn rolling stock and buses operational. Workshop staff have been working in several on-call groups that are independent of each other. This means that the loss of a single group as a result of the pandemic does not pose a threat to overall workshop operations. An interruption in the supply chain for important spare parts or the loss of a larger number of workshop staff may mean that buses and/or U-Bahn rolling stock are not operational.

A pandemic-related loss of staff may significantly threaten the maintenance of a stable bus and U-Bahn service as well as associated operational functions (e.g. duty scheduling and vehicle dispatching).

Both a supply chain interruption and the loss of workshop or transport service employees may mean that HOCHBAHN is unable to fulfil its underlying schedule. Stable operations could not be guaranteed. The HVV income due to HOCHBAHN would be lower, which would lead to a higher net loss. This could have a significant impact.

The development of passenger numbers across the Hamburg metropolitan area and the HVV income resulting from this pose another material risk for HOCHBAHN. The increasing shift towards home working as a direct consequence of the pandemic as well as the rising use of bicycles to travel to work have led to a decline in passengers of up to 70% year-on-year in some individual months of the past financial year.

In its latest forecast, HVV does not expect passenger numbers to recover to pre-pandemic levels in 2021. This forecast includes the massive impact of the lockdown from November 2020 to February 2021. We currently expect a revenue shortfall of €77.0 million that is not included in planning. A budget update is being prepared to manage this risk. The net loss and earnings offset will increase. The update must be approved by the Supervisory Board.

As a result of the significant loss of revenue caused by the pandemic, the Federal Government increased regionalisation funds for 2020 to €2.5 billion to finance local public transport networks. HOCHBAHN applied for funds from the local public transport rescue package by the end of September 2020. We were able to report income from voluntary relief payments totalling €104.0 million for 2020.

Summary of risk position

In 2020, two regular risk and opportunity management (ROM) inventories were conducted within the Group. There were no ad-hoc notifications for sudden and unexpected material risks. HOCHBAHN identified 86 risks by the year-end. Of this total, 25 were associated with technology and organisation, 24 with customer/supplier relationships, 16 were attributable to general conditions, 12 to market risk and two to Group-related issues. The total figure also includes seven coronavirus pandemic risks.

The coronavirus pandemic is currently the overarching theme when considering the Group's risk position. The unavoidable requirements of policies to tackle the pandemic has caused a massive decline in passenger numbers and thus a shortfall in revenue on an unprecedented

scale across the entire local public transport network. On the other hand, the local public transport network is keeping the population moving safely with a stable and reliable U-Bahn and bus service in the Hamburg metropolitan area, even during the pandemic. An extension of the local public transport rescue package is the right way to ensure that we can continue to provide this service without limitations in the future. These funds for fare income lost as a result of the pandemic give HOCHBAHN the opportunity to reduce its net loss.

HOCHBAHN's overall risk position has understandably worsened compared to the previous year due to the coronavirus risks already identified. Without taking these coronavirus risks into account, the ordinary risk and opportunity management inventory showed an improvement in the risk position compared to the previous year.

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

The risks represent a snapshot of the current position and are an excerpt from the ROM inventory conducted as of the end of 2020.

Opportunities

The main opportunities for HOCHBAHN are listed below:

Local public transport rescue package

Initiatives are currently underway to extend the local public transport rescue package to 2021. If the package is structured in a similar way as before, this creates a significant opportunity for HOCHBAHN to record a lower net loss than planned.

Strategic opportunities

With an updated Climate Plan and the introduction of the new Climate Protection Act, the Hamburg Senate has made climate protection one of its key objectives. By comprehensively expanding its services and offering integrated transport 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. These changes and the opportunities offered by digitalisation and electrification are helping to establish and spread on-demand and sharing models in particular. 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 break down 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 from the Federal Government and the City of Hamburg 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 are boosting the City of Hamburg's confidence in its transport companies and making it possible to work together to make the shift in mobility a reality.

Market opportunities

As a result of a steady influx of new residents to the Hamburg metropolitan area that is expected to continue in future, HOCHBAHN benefits from generally favourable market development and advantageous conditions for expanding its transport services and products. The rising number of commuters travelling into Hamburg 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 potentially to Kleiner Grasbrook as well as the planned construction of the new U5 U-Bahn line is opening up other areas of the city with high demand potential and making them more accessible.

Hamburg, 30 March 2021

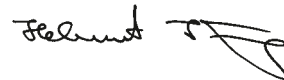
Hamburger Hochbahn Aktiengesellschaft
The Management Board



Henrik Falk



Claudia Güssen



Helmut König



Jens-Günter Lang

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Income Statement

of Hamburger Hochbahn Aktiengesellschaft for the period from 1 January to 31 December 2020

(€)	Note	2020	2019
1. Sales	(7)	458,215,077.82	534,339,928.05
2. Other own work capitalised		29,308,260.66	29,152,105.12
3. Other operating income	(8)	132,828,736.83	54,256,214.33
4. Gross revenue		620,352,075.31	617,748,247.50
5. Cost of materials			
a) Cost of consumables and supplies, and of purchased merchandise		-70,754,831.53	-64,740,601.32
b) Cost of purchased services		-170,109,312.05	-187,465,195.93
		-240,864,143.58	-252,205,797.25
6. Personnel expenses	(9)		
a) Wages and salaries		-267,427,378.58	-229,500,202.63
b) Social security, post-employment and other employee benefit costs		-61,402,824.62	-44,755,595.20
		-328,830,203.20	-274,255,797.83
7. Amortisation and write-downs of intangible fixed assets and depreciation and write-downs of tangible fixed assets	(10)	-93,343,886.76	-85,169,286.06
8. Other operating expenses	(11)	-54,164,067.94	-61,026,594.92
9. Investment income	(12)	6,143,656.33	9,615,095.97
10. Net interest income	(13)	-22,156,322.76	-23,093,043.27
11. Earnings after taxes		-112,862,892.60	-68,387,175.86
12. Other taxes		-577,851.98	-410,168.57
13. Income from loss absorption		113,440,744.58	68,797,344.43
14. Net income/loss for the financial year		0.00	0.00

Balance sheet

of Hamburger Hochbahn Aktiengesellschaft as at 31 December 2020

ASSETS (€)	Note	31.12.2020	31.12.2019
A. Fixed assets	(1)		
I. Intangible fixed assets			
1. Purchased concessions, industrial and similar rights and assets		1,936,488.00	2,584,663.00
2. Prepayments		18,188,656.81	14,221,335.48
		20,125,144.81	16,805,998.48
II. Tangible fixed assets			
1. Land, land rights and buildings, including buildings on third-party land		215,180,035.94	157,473,365.81
2. Technical equipment and machinery		918,161,734.21	873,384,183.23
3. Other equipment, operating and office equipment		29,780,079.70	23,609,409.70
4. Prepayments and assets under construction		166,029,350.19	190,435,986.05
		1,329,151,200.04	1,244,902,944.79
III. Long-term financial assets			
1. Shares in affiliated companies		135,830,465.31	135,830,465.31
2. Investments in associates		578,476.32	706,579.11
3. Other long-term equity investments		155,990.25	155,990.25
4. Long-term securities		12,996,624.47	11,439,717.97
		149,561,556.35	148,132,752.64
		1,498,837,901.20	1,409,841,695.91
B. Current assets			
I. Inventories			
1. Consumables and supplies		27,211,280.40	25,199,987.95
II. Receivables and other assets	(2)		
1. Trade receivables		16,888,279.83	19,976,774.61
2. Receivables from affiliated companies		5,516,137.35	9,089,954.16
3. Receivables from other long-term investees and investors		230,524.78	1,563,104.22
4. Receivables from the Free and Hanseatic City of Hamburg		44,025,124.99	29,328,761.63
5. Other assets		22,667,946.89	24,377,851.97
		89,328,013.84	84,336,446.59
III. Cash in hand, bank balances		80,601,082.60	9,519,567.81
		197,140,376.84	119,056,002.35
C. Prepaid expenses		5,061,371.01	436,451.20
		1,701,039,649.05	1,529,334,149.46

EQUITY AND LIABILITIES (€)	Note	31.12.2020	31.12.2019
A. Equity	(3+4)		
I. Subscribed capital		88,938,200.00	88,938,200.00
II. Capital reserves		73,050,144.94	73,050,144.94
III. Revenue reserves			
1. Statutory reserve		4,124,005.57	4,124,005.57
2. Other revenue reserves		1,321,876.04	1,321,876.04
		5,445,881.61	5,445,881.61
		167,434,226.55	167,434,226.55
B. Provisions	(5)		
1. Provisions for pensions and similar obligations		84,887,252.00	76,709,464.00
2. Other provisions		117,692,327.45	123,746,647.91
		202,579,579.45	200,456,111.91
C. Liabilities	(6)		
1. Liabilities to banks		1,051,073,522.61	1,065,104,171.64
2. Prepayments received on orders		900,000.00	0.00
3. Trade payables		34,977,111.59	56,478,293.56
4. Liabilities to affiliated companies		228,043,376.34	24,589,369.64
5. Liabilities to other long-term investees and investors		0.00	1,815.37
6. Other liabilities		16,030,102.26	15,264,084.25
		1,331,024,112.80	1,161,437,734.46
C. Deferred income		1,730.25	6,076.54
		1,701,039,649.05	1,529,334,149.46

Statement of changes in fixed assets

of Hamburger Hochbahn Aktiengesellschaft for 2020

€					Cost	
	Balance on 01.01.2020	Additions	Disposals	Reclassi- fications	Balance on 31.12.2020	
I. Intangible fixed assets						
1. Purchased concessions, industrial and similar rights and assets	36,472,405.60	485,754.47	156,170.32	240,260.96	37,042,250.71	
2. Prepayments	14,221,335.48	5,124,410.06	503,737.77	-653,350.96	18,188,656.81	
Intangible fixed assets	50,693,741.08	5,610,164.53	659,908.09	-413,090.00	55,230,907.52	
II. Tangible fixed assets						
1. a.) Land, land rights, including office, operating and other buildings	129,951,474.17	8,986,795.28	0.00	415,414.20	139,353,683.65	
b.) Buildings on third-party land						
ba.) Rail infrastructure, installations and buildings	129,951,474.17	8,986,795.28	0.00	415,414.20	139,353,683.65	
bb.) Other buildings	91,866,891.76	5,283,933.25	0.00	25,522,217.12	122,673,042.13	
	91,866,891.76	5,283,933.25	0.00	25,522,217.12	122,673,042.13	
2. Technical equipment and machinery						
a) Tracks, trackside equipment and safety installations	445,455,172.08	13,538,044.56	3,889,672.06	27,915,304.88	483,018,849.46	
b) Rolling stock for passenger and goods transport	1,144,620,268.68	41,240,706.18	6,445,075.73	20,159,201.91	1,199,575,101.04	
c) Machines and machinery not classified under a) or b)	106,594,894.92	7,534,528.27	806,605.70	6,016,568.61	119,339,386.10	
	1,696,670,335.68	62,313,279.01	11,141,353.49	54,091,075.40	1,801,933,336.60	
3. Other equipment, operating and office equipment (incl. low-value assets)	122,895,447.74	9,491,634.90	933,367.50	5,492,620.99	136,946,336.13	
4. Prepayments and assets under construction	190,435,986.05	80,973,124.48	250,214.22	-105,129,546.12	166,029,350.19	
Tangible assets	2,423,956,546.95	175,551,073.00	12,438,286.48	413,090.00	2,587,482,423.47	
III. Long-term financial assets						
1. Shares in affiliated companies	135,830,465.31	0.00	0.00	0.00	135,830,465.31	
2. Loans to affiliated companies	706,579.11	21,343.93	149,446.72	0.00	578,476.32	
3. Long-term equity investments	155,990.25	0.00	0.00	0.00	155,990.25	
4. Long-term securities	11,439,717.97	1,556,906.50	0.00	0.00	12,996,624.47	
5. Other loans	0.00	0.00	0.00	0.00	0.00	
Long-term financial assets	148,132,752.64	1,578,250.43	149,446.72	0.00	149,561,556.35	
	2,622,783,040.67	182,739,487.96	13,247,641.29	0.00	2,792,274,887.34	

	Depreciation, amortisation and write-downs				Carrying amounts		
	Balance on 01.01.2020	Additions	Disposals	Reclassifications	Balance on 31.12.2020	Balance on 31.12.2020	Previous year
	33,887,742.60	1,374,190.43	156,170.32	0.00	35,105,762.71	1,936,488.00	2,584,663.00
	0.00	503,737.77	503,737.77	0.00	0.00	18,188,656.81	14,221,335.48
	33,887,742.60	1,877,928.20	659,908.09	0.00	35,105,762.71	20,125,144.81	16,805,998.48
	33,990,960.02	3,759,815.35		0.00	37,750,775.37	101,602,908.28	95,960,514.15
	155,536,619.46	5,113,124.49	113,351.27	0.00	160,536,392.68	60,010,282.09	36,599,792.09
	66,953,832.19	2,152,364.37		0.00	69,106,196.56	53,566,845.57	24,913,059.57
	256,481,411.67	11,025,304.21	113,351.27	0.00	267,393,364.61	215,180,035.94	157,473,365.81
	308,074,565.85	13,156,214.33	3,886,265.93	0.00	317,344,514.25	165,674,335.21	137,380,606.23
	451,618,183.68	53,195,424.09	6,276,032.73	0.00	498,537,575.04	701,037,526.00	693,002,085.00
	63,593,402.92	5,102,715.88	806,605.70	0.00	67,889,513.10	51,449,873.00	43,001,492.00
	823,286,152.45	71,454,354.30	10,968,904.36	0.00	883,771,602.39	918,161,734.21	873,384,183.23
	99,286,038.04	8,808,395.89	928,177.50	0.00	107,166,256.43	29,780,079.70	23,609,409.70
	0.00	177,904.16	177,904.16	0.00	0.00	166,029,350.19	190,435,986.05
	1,179,053,602.16	91,465,958.56	12,188,337.29	0.00	1,258,331,223.43	1,329,151,200.04	1,244,902,944.79
	0.00	0.00	0.00	0.00	0.00	135,830,465.31	135,830,465.31
	0.00	0.00	0.00	0.00	0.00	578,476.32	706,579.11
	0.00	0.00	0.00	0.00	0.00	155,990.25	155,990.25
	0.00	0.00	0.00	0.00	0.00	12,996,624.47	11,439,717.97
	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	149,561,556.35	148,132,752.64
	1,212,941,344.76	93,343,886.76	12,848,245.38	0.00	1,293,436,986.14	1,498,837,901.20	1,409,841,695.91

Notes to the annual financial statements for the 2020 financial year of Hamburger Hochbahn Aktiengesellschaft

Hamburg Local Court, No. HRB 3072

General disclosures

The 2020 annual financial statements of Hamburger Hochbahn Aktiengesellschaft (HOCHBAHN) were prepared in accordance with the requirements of the German Commercial Code (Handelsgesetzbuch – HGB). The provisions of the German Stock Corporation Act (Aktiengesetz – AktG) were also observed.

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.

HOCHBAHN is not required to prepare consolidated financial statements and a group management report in accordance with Section 291 HGB. The exempting consolidated financial statements and group management report are prepared and published by our parent company, HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg.

Accounting policies

Assets and liabilities have been measured using the same methods as in the previous year.

Intangible and tangible fixed assets are measured at cost and reduced by government grants as well as depreciation, amortisation and write-downs.

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, calculations for assets purchased or produced after 30 June 1997 have generally been based on 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, taking the economic useful lives of the assets in question into account.

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 in and loans to affiliated companies, long-term equity investments and long-term securities have been recognised at cost. Permanently impaired assets are measured at fair value.

Non-interest-bearing and low-interest loans were discounted in line with their terms.

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. The company did not make use of the simplification option provided in Section 253 (2) Sentence 2 and (3) HGB but rather used the discount rate in line with the average duration of the liabilities, which corresponds to an average remaining maturity of 12 years. The interest rate as at 31 December 2020 was 2.12% p.a. (previous year: 2.52% 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 2.50% 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 at between 0.47% p.a. (previous year: 0.72% p.a.) and 1.60% p.a. (previous year: 1.97% 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.

NOTES TO THE BALANCE SHEET

(1) Fixed assets

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

(2) Receivables and other assets

in € thsd.	2020	2019
1. Trade receivables	16,888	19,976
2. Receivables from affiliated companies	5,516	9,090
of which trade receivables	(2,703)	(484)
of which other receivables	(2,813)	(8,606)
3. Receivables from other long-term investees and investors	231	1,563
of which trade receivables	(231)	(1,563)
4. Receivables from the Free and Hanseatic City of Hamburg	44,025	29,329
of which trade receivables	(34,523)	(13,278)
of which from other assets	(9,502)	(16,051)
5. Other assets	22,668	24,378
Total	89,328	84,336

Of the other assets, €19,655 thousand have a remaining term of more than one year.

(3) Subscribed capital

HOCHBAHN's subscribed capital amounted to €88,938 thousand on 31 December 2020 and is broken down as follows:

Type of shares	No. 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
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.

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 €4,841 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.

(4) Statement of changes in equity

in € thsd.	Subscribed capital	Capital reserves	Revenue reserves	Equity
Balance at 1.1.2020/				
Balance at 31.12.2020	88,938	73,050	5,446	167,434

The statutory reserve is €4,124 thousand, the other revenue reserves are €1,322 thousand.

(5) Provisions

in € thsd.	2020	2019
Provisions for pensions and similar obligations	84,887	76,709
Other provisions	117,692	123,747
	202,579	200,456

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 €22,467 thousand for current pensions and similar obligations and of €6,743 thousand for future pensions to beneficiaries and eligible beneficiaries who acquired these entitlements prior to 1 January 1987.

Apart from provisions to ensure competitiveness in the amount of €62,909 thousand, other provisions include obligations for future anniversary bonuses, outstanding holiday entitlements, 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, litigation risks and outstanding invoices.

(6) Liabilities

in € thsd.		of which with a remaining maturity of		
	Total	up to 1 year	1 to 5 years	more than 5 years
1. Liabilities to banks	1,051,074	101,451	487,752	461,871
Previous year	1,065,104	78,719	459,040	527,345
2. Prepayments received on orders	900	900	0	0
Previous year	0	0	0	0
3. Trade payables	34,977	34,977	0	0
Previous year	56,478	56,478	0	0
4. Liabilities to affiliated companies	228,043	228,043	0	0
Previous year	24,590	24,590	0	0
of which trade receivables	(119,325)	(119,325)	(0)	(0)
Previous year	(62,758)	(62,758)	(0)	(0)
of which other liabilities/receivables	(108,718)	(108,718)	(0)	(0)
Previous year	(-38,168)	(-38,168)	(0)	(0)
5. Liabilities to other long-term investees and investors	0	0	0	0
Previous year	2	2	0	0
of which trade receivables	(0)	(0)	(0)	(0)
Previous year	(2)	(2)	(0)	(0)
6. Other liabilities	16,030	16,030	0	0
Previous year	15,264	15,264	0	0
of which taxes	(3,873)	(3,873)	(0)	(0)
Previous year	(3,761)	(3,761)	(0)	(0)
of which related to social security	(1,532)	(1,532)	(0)	(0)
Previous year	(1,485)	(1,485)	(0)	(0)
Total	1,331,024	381,401	487,752	461,871
Previous year	1,161,438	175,053	459,040	527,345

NOTES TO THE INCOME STATEMENT

(7) Sales

in € thsd.	2020	2019
Ticket sales ¹	370,676	445,495
Rental and leasing agreements	48,221	47,498
Other	39,318	41,347
	458,215	534,340
of which relating to prior periods ²	6,837	-3,767

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 2020 is not yet available. Income generated from membership of HVV has therefore been calculated using a qualified estimate based on preliminary figures of HVV GmbH.

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

² Sales relating to prior periods mainly comprise adjustments to the estimate of income generated from membership of HVV (€6,000 thousand; previous year: -€4,046 thousand).

Sales were generated exclusively in Germany.

(8) Other operating income

in € thsd.	2020	2019
Other operating income	132,829	54,256
of which relating to prior periods	3,064	21,492

(mainly income from the reversal of provisions, from the disposal of fixed assets as well as compensation for damage and cost refunds for previous years)

Other operating income 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 €104,048 thousand.

(9) Personnel expenses

in € thsd.	2020	2019
Wages and salaries	267,427	229,500
Social security, post-employment and other employee benefit costs	61,403	44,756
	328,830	274,256
of which in respect of post-employment benefits	9,192	-200

(10) Amortisation and write-downs of intangible fixed assets, and depreciation and write-downs of tangible fixed assets

Depreciation, amortisation and write-downs of €93,344 thousand (previous year: €85,169 thousand) were recognised in the financial year. This figure includes write-downs in accordance with Section 253 (3) Sentence 5 HGB in the amount of €682 thousand (previous year: €773 thousand).

(11) Other operating expenses

Other operating expenses amount to €54,164 thousand (previous year: €61,026 thousand) and include prior-period expenses of €1,007 thousand. These mainly include non-deductible input tax from previous years in the amount of €726 thousand.

(12) Investment income

in € thsd.	2020	2019
Income from profit transfer agreements	4,802	5,887
Income from long-term equity investments	3,363	4,043
of which from affiliated companies	(3,363)	(3,425)
Expenses for loss absorption	-2,022	-315
of which from affiliated companies	(-2,022)	(-315)
	6,143	9,615

(13) Net interest income

in € thsd.	2020	2019
Income from long-term loans	39	48
of which from affiliated companies	(39)	(48)
Other interest and similar income	208	208
of which from affiliated companies	(58)	(79)
of which from the unwinding of discounted receivables	(121)	(113)
Interest and similar expenses	-22,403	-23,349
of which to affiliated companies	(-6)	(-18)
from the unwinding of discounts	(-2,767)	(-3,380)
	-22,156	-23,093

OTHER DISCLOSURES**(14) Auditor's fee**

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

Breakdown of auditors' fees (in € thsd.)	2020
Audit services	74
Other assurance services	10
Other services	7
Tax advisory services	0
	91

The audit services do not include any fees for the audit of the annual financial statements in the previous year.

(15) 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 the cross-border lease transaction, which were fully recognised in profit or loss in previous years. No future risks arise for HOCHBAHN.

Interest and currency swap transactions

One loan denominated in NZD (€55,000 thousand) with a variable interest rate was signed. Any currency and interest rate exposures arising in connection with this were hedged with appropriate interest and currency swaps matching the respective amounts and maturities. Swaps are inseparable from the underlying transaction. The fair value of the swaps at the balance sheet date totalled -€1,573 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.

(16) Contingent liabilities

There are liabilities from guarantees in the amount of €4,245 thousand.

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 unlimited performance guarantees in favour of third parties. As the parent company, HOCHBAHN monitors the compliance of the investees with their contractual obligations.

(17) Other financial obligations

Other financial obligations amount to €484,624 thousand. This figure includes €7,383 thousand to affiliated companies.

(18) Disclosures on employees

The figures show the average employee numbers for the year.

	2020	2019
Personnel and operations	4,284	4,064
Technical workers	985	948
Corporate management and finance	510	508
Investees, inactive employment contracts, etc.	308	321
	6,087	5,841
of which part-time employees	592	529
of with female employees	1,047	968
Pensioners	76	81
Trainees	123	117

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

The members of the Supervisory Board did not receive any remuneration in financial year 2020, only meeting attendance fees.

Total remuneration of the Management Board amounted to €1,307 thousand and is broken down as follows:

in € thsd.	Mr Falk	Mr König	Mr Lang	Ms Güssen
Non-performance-related remuneration components	290	216	216	185
Fringe benefits (remuneration in kind, direct insurance)	21	21	19	35
Performance-related remuneration components	108	71	71	54
Total	419	308	306	274

In addition, there are provisions for pension obligations to active members of the Management Board in the amount of €4,928 thousand and provisions for pension obligations to retired members of the Management Board and their surviving dependants totalling €10,652 thousand. Remuneration of €634 thousand was paid to former members of the Management Board and their surviving dependants in financial year 2020.

(20) Governing bodies of the company**Members of the Supervisory Board****Dr. Anjes Tjarks, Hamburg (since 27 August 2020)**

Chairman

Senator, Department of Transport and Mobility Transition

Michael Westhagemann, Hamburg (until 27 August 2020)

Chairman

Senator, Department of Economic Affairs and Innovation

Natale Fontana (since 18 September 2020)

Deputy Chairman

Head of Transport department, ver.di

Max Leininger*, Hamburg (until 18 September 2020)

Deputy Chairman

Union secretary of the ver.di trade union

Martin Huber, Hamburg

Head of Transport, Department of Transport and Mobility Transition

Dr Sibylle Roggencamp, Hamburg

Head of Asset and Investment Management, Department of Finance

Wolfgang Michael Pollmann, Hamburg

State Secretary, Department of the Environment and Energy

Martin Bill (since 10 June 2020)

State Secretary, Department of Transport and Mobility Transition

Andreas Rieckhof, Hamburg (until 10 June 2020)

State Secretary, Department of Economic Affairs and Innovation

Oliver Jensen, HamburgManaging Director, HGV Hamburger Gesellschaft
für Vermögens- und Beteiligungsmanagement mbH**Martina Plag, Hamburg**Managing Director, Hachenberg und Richter
Unternehmensberatung GmbH**Joanna Fisher, Hamburg**Managing Director Center Management,
ECE Projektmanagement G.m.b.H. & Co. KG**Anne-Louise Quiring*, Hamburg**

Union secretary of the ver.di trade union

Klaus Ceglecki*, Hamburg

Chairman of HOCHBAHN's Works Council

Angelika Jank*, Hamburg

Cleaner, TEREK Gebäudedienste GmbH

Ingomar Spieß*, HamburgHead of Sustainable Development, Environment and Occupational
Safety, HOCHBAHN**Stefan Uckert*, Reinbek**

Technical employee, member of HOCHBAHN's Works Council

Torsten Lux-Kremer*, Hamburg

Technician, member of HOCHBAHN's Works Council

Jörg Braun*, Hamburg

Commercial employee, member of HOCHBAHN's Works Council

* Employee representative

Members of the Management Board**Henrik Falk, Hamburg, Chairman**

Corporate Management Division

Helmut König, Peine

Financial and Sustainability Division

Jens-Günter Lang, Hamburg

Technical Division

Claudia Güsken, Hamburg

Personal and Operations Division

(21) Significant events after the close of the financial year

At the time of reporting, a large number of people around the world have fallen ill with the coronavirus and public life has been drastically restricted as a result. It is as difficult to estimate the further spread of coronavirus in the Hamburg metropolitan area as it is to predict the further course and duration of the overall pandemic.

Effects on the net assets, financial position and results of operations of HOCHBAHN in connection with coronavirus result primarily from loss of revenue due to a decline in passenger numbers. We also refer to the information presented in the management report.

(22) 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 for the largest group of companies. In addition, the Free and Hanseatic City of Hamburg prepares consolidated financial statements.

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

HGV's financial statements are published in the electronic Federal Gazette (Bundesanzeiger), while the consolidated financial statements of the Free and Hanseatic City of Hamburg (FHH) are published on FHH's website.

Hamburg, 30 March 2021

Hamburger Hochbahn Aktiengesellschaft

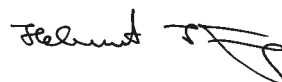
The Management Board



Henrik Falk



Claudia Güssen



Helmut König



Jens-Günter Lang

Shareholdings

of Hamburger Hochbahn Aktiengesellschaft
as at 31 December 2020¹

Name and registered office of the entity	Equity € thsd.	Equity investment		2020 profit/ loss € thsd.	Control and profit transfer agreement
		Name	%		
FFG Fahrzeugwerkstätten Falkenried GmbH, Hamburg	4,100	HOCHBAHN	100.0	0	ja
HADAG Seetouristik und Fährdienst AG, Hamburg	4,096	HOCHBAHN	100.0	0	ja ²
ATG Alster-Touristik GmbH, Hamburg	3,472	HOCHBAHN	100.0	0	ja
HHW Hamburger Hochbahn-Wache GmbH, Hamburg	26	HOCHBAHN	100.0	0	ja
HSF Hamburger Schnellbahn-Fahrzeug-Gesellschaft mbH, Hamburg	775	HOCHBAHN	100.0	0	ja
Zentral-Omnibus-Bahnhof „ZOB“ Hamburg GmbH, Hamburg ³	1,610	HOCHBAHN	72.1	185	-
HOCHBAHN Grundstücksverwaltungsgesellschaft mbH & Co. KG, Hamburg	39,572	HOCHBAHN	100.0	3,359	-
HOCHBAHN-Verwaltungsgesellschaft mbH, Hamburg	132	HOCHBAHN	100.0	4	-
HOCHBAHN Beteiligungsgesellschaft mbH & Co. KG, Hamburg	65,987	HOCHBAHN	100.0	15	-
HSG Hanseatische Siedlungsgesellschaft mbH, Hamburg	8,545	HOCHBAHN	100.0	0	ja ⁴
		Beteiligungsgesellschaft			
TEREG Gebäudedienste GmbH, Hamburg	1,731	HOCHBAHN	56.0	0	ja ⁴
		Beteiligungsgesellschaft			

¹ Unless insignificant.

² A profit transfer agreement is in place with HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH.

³ Disclosure of prior-year figures

⁴ A profit transfer agreement is in place with HOCHBAHN.

Independent auditor's report

To Hamburger Hochbahn Aktiengesellschaft, Hamburg

Audit opinions

We have audited the annual financial statements of Hamburger Hochbahn Aktiengesellschaft, comprising the balance sheet as at 31 December 2020 and the income statement for the financial year from 1 January 2020 to 31 December 2020, as well as the notes to the financial statements, including the presentation of the accounting policies. In addition, we have audited the management report of Hamburger Hochbahn Aktiengesellschaft for the financial year from 1 January 2020 to 31 December 2020.

In accordance with the German legal requirements, we have not audited the content of the statement on corporate governance pursuant to Section 289f (4) German Commercial Code (HGB) (disclosures regarding the quota of women).

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to corporations and in compliance with the German generally accepted accounting principles give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2020, and of its financial performance for the financial year from 1 January 2020 to 31 December 2020, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual 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 annual financial statements and of the management report.

Basis for the audit opinions

We conducted our audit of the annual financial statements and of the 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 annual financial statements and of the management report” section of our auditor’s report. We are independent of the Company 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 annual financial statements and on the management report.

Other information

The executive directors are responsible for the other information. Other information comprises the statement on corporate governance pursuant to Section 289f (4) German Commercial Code (HGB) (disclosures regarding the quota of women).

Our audit opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, the management report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the executive directors and the Supervisory Board for the annual financial statements and the management report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects with the requirements of German commercial law applicable to corporations and that the annual 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 Company. 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 annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual 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 management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual 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 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 management report.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's responsibilities for the audit of the annual financial statements and of the management report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual 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 annual financial statements and on the 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 annual financial statements and this 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 annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems for the Company.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 annual financial statements and in the 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 Company to cease to be able to continue as a going concern.

- evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with regulations applicable to corporations under German commercial law.
- evaluate the consistency of the management report with the annual 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 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, 27 May 2021

Mazars GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Dr. Dannenbaum
Auditor

Hauschildt
Auditor

Report of the Supervisory Board

The Supervisory Board was regularly briefed on the position of the company and on important management issues during financial year 2020 by means of verbal and written reports from the Management Board. The Supervisory Board formed a Finance Committee and a Transport Committee as well as the Arbitration Committee required by law. During financial year 2020 the Supervisory Board held four regular meetings and one circular vote, the Finance Committee two meetings plus one circular vote and the Transport Committee two meetings.

The annual financial statements and the management report of Hamburger Hochbahn AG for the year ended 31 December 2020 and the company's accounting records were audited by Mazars GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, the auditors elected at the Annual General Meeting. The audit did not give rise to any objections and an unqualified auditor's report was issued.

The audit reports were submitted to the members of the Supervisory Board. In addition, the financial statement auditors reported on the main findings of their audit at the financial statements meeting held by the Finance Committee and the Supervisory Board.

The Supervisory Board examined the annual financial statements and the management report of Hamburger Hochbahn AG and, in agreement with the auditors, raised no objections. It approved and thus adopted the annual financial statements presented by the Management Board.

The Supervisory Board would like to thank Senator Michael Westhagemann, who has left the Supervisory Board, for his dedicated work as Chairman. To succeed Senator Westhagemann, Senator Dr. Anjes Tjarks was elected to the Supervisory Board by the Annual General Meeting on 27 August 2020 and was elected Chairman of the Supervisory Board by the Supervisory Board on 18 September 2020. The Supervisory Board would also like to thank the long-standing members Mr Max Leininger and State Secretary Andreas Rieckhof, who left the Supervisory Board in the 2020 financial year, for their dedicated work on this body. Mr Natale Fontana and State Secretary Martin Bill have joined the Supervisory Board as their successors. Mr Fontana was elected as the successor to the previous Deputy Chairman of the Supervisory Board, Mr Leininger on 18 September 2020.

The Supervisory Board would like to extend its thanks to the members of the Management Board and all company employees for their work in 2020.

Hamburg, 17 June 2021

The Supervisory Board



Dr. Anjes Tjarks
Chairman

Declaration of compliance with the Hamburg Corporate Governance Code (Code)

In the period from 1 January 2020 to 31 December 2020,

Hamburger Hochbahn AG (HOCHBAHN)

complied with the regulations of the Hamburg Corporate Governance Code, which is the responsibility of the Management Board and the Supervisory Board (Items 3–7 of the Code and their sub-sections).

In the period from 1 January 2020 to 31 December 2020, the HOCHBAHN subsidiaries

ATG Alster-Touristik GmbH (ATG)

FFG Fahrzeugwerkstätten Falkenried GmbH (FFG)

HADAG Seetouristik und Fährdienst AG (HADAG)

TEREG Gebäudedienste GmbH (TEREG)

complied with the regulations of the Hamburg Corporate Governance Code, which is the responsibility of their respective Management and Supervisory Boards, with the following exceptions (Items 3–7 of the Code and their sub-sections). The companies departed from the Code in the following items:

- Item 4.1.5 of the Code:**

“Management shall ensure the application of the provisions of the Hamburg Equal Treatment Act (HmbGleiG) (in particular with regard to the appointment of an Equal Opportunities Officer, the preparation of an Equal Opportunities Plan as well as with regard to procedures for recruiting staff) in its company and in the majority shareholdings of its company.”

Application of the regulations is currently in the planning phase at HOCHBAHN's subsidiaries HADAG and ATG. At present, the position of Equal Opportunities Officer does not exist in these companies.

- Item 4.2.1 Sentence 1 and Sentence 6 of the Code:**

“The Management Board shall be comprised of at least two persons, who represent the company jointly. By-laws shall govern the cooperation between the members of the Management Board and the allocation of duties among individual Management Board members.”

At the HOCHBAHN subsidiaries ATG, FFG and HADAG there is only one managing director in each case. Due to the small size of these companies, the appointment of only one managing director to ATG, FFG and HADAG is deemed appropriate. In view of this situation, there are no by-laws governing the cooperation between members of the Management Board.

- Item 4.2.9 of the Code:**

“Remuneration to members of the Management Board shall be disclosed on an individual basis – broken down into its non-performance-related, performance-related and long-term incentive components – in the notes to the annual financial statements or in the management report. In the case of companies which are not required to publish annual financial statements because they are part of a group, the disclosure of the remuneration shall appear in the declaration of compliance with the Code.”

The subsidiaries FFG, HADAG and TEREГ are not subject to the obligation to disclose this information. As required by the Code, the remuneration of the management is published here:

in € thsd.	Non-performance-related remuneration components	Fringe benefits (remuneration in kind, direct insurance)	Performance-related remuneration components	Total
FFG				
Olaf Lilla	148	36	43	227
ATG				
Dr. Tobias Haack	47	7	11	65
HADAG				
Dr. Tobias Haack	93	13	23	129
TEREG				
Dirk Kratz	150	11	38	199
TEREG				
Karsten Rakebrandt	150	6	34	190

- **Item 5.3.1 of the Code:**

“Depending on the specifics of the enterprise and the number of its members, the Supervisory Board shall form committees with sufficient expertise. These serve to increase the efficiency of the Supervisory Board’s work and its handling of complex issues. The respective committee chairmen shall report regularly to the Supervisory Board on the work of these committees or send the minutes of committee meetings to all Supervisory Board members without delay.”

The Supervisory Boards of ATG, FFG, HADAG and TEREГ have not formed any committees since it was not deemed necessary to do so due to the small size of the companies and the small number of Supervisory Board members in each case.

- **Item 5.3.2 of the Code:**

“The Supervisory Board of larger companies (companies which would be classified as large corporations in accordance with Section 267 (3) HGB) shall form an Audit Committee or instruct their Finance Committee to monitor the company’s financial reporting process, the effectiveness of the internal control system, internal risk management system and internal audit system, and the audit of the financial statements, here in particular the independence of the auditor and the additional services provided by the auditor. At least one member of the Audit Committee/ Finance Committee shall have special knowledge and experience in the application of accounting principles and internal control processes. The chairperson of the Audit Committee/Finance Committee shall not be a former member of the Management Board of the company and not be the Supervisory Board Chairman in office.”

The Supervisory Boards of FFG and TEREГ have not formed an Audit Committee, nor have they instructed their Finance Committee as described above, since it was not deemed necessary to do so due to the small size of the companies and the small number of Supervisory Board members in each case.

- **Item 6.2 and 6.3 of the Code:**

6.2 Any information which the company discloses shall also be available on the company's website. This includes the company agreement underlying HW GmbH (memorandum of association), the management report, the annual financial statements and the notes, and the declaration of compliance with the Code." The Declaration of Compliance shall be available for inspection on the website for at least five years.

6.3 The Company Agreement and the Declaration of Compliance shall be displayed on the website of the report on equity holdings in the individual presentation of the respective company.

Information on the investees ATG, FFG, HADAG and TEREK is published in the report on equity holdings of the Free and Hanseatic City of Hamburg (FHH), which is also accessible via the transparency portal set up in October 2014 in accordance with the Hamburg Transparency Act (HmbTG).

Hamburg, 25 March 2021



Dr. Anjes Tjarks
Supervisory Board, Chairman

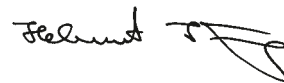
Hamburg, 25 March 2021



Henrik Falk
Management Board, Chairman



Claudia Güsken



Helmut König



Jens-Günter Lang

Overview of subsidiaries and investees



ATG Alster-Touristik GmbH (www.alstertouristik.de)

Shareholders: Hamburger Hochbahn AG 100% | Business purpose: Tourist boat cruises, mainly on the Alster Lake and its canals
| Number of ships: 18 | Number of employees: 39



FFG Fahrzeugwerkstätten Falkenried GmbH (www.ffg-hamburg.de)

Shareholders: Hamburger Hochbahn AG 100% | Business purpose: Maintenance of all types of commercial vehicles, especially buses; technical and commercial fleet management for HOCHBAHN's bus fleet; maintenance of various underground stops; construction and retrofitting of special vehicles | Number of employees: 331



HADAG Seetouristik und Fährdienst AG (www.hadag.de)

Shareholders: Hamburger Hochbahn AG 100% | Business purpose: Passenger transport services by ferry in the Port of Hamburg and on the Elbe | Number of ferries: 26 | Number of employees: 111



HHW Hamburger Hochbahn-Wache GmbH

Shareholders: Hamburger Hochbahn AG 100% | Business purpose: ensuring the security of passengers and employees, protection of rolling stock, facilities and installations. Performance of ticket inspections, collection of fare surcharges | Number of employees: 430



HSF Hamburger Schnellbahn-Fahrzeug-Gesellschaft mbH

Shareholders: Hamburger Hochbahn AG, 100% | Business purpose: The purpose of the company is the procurement and financing of rail rolling stock and its leasing to rail transport operators, in particular for use in the rapid transit network in the Greater Hamburg Area, as well as the construction, financing and leasing to rail and rapid transit system operators of rolling stock maintenance depots and storage sidings | Number of employees: the company has no employees of its own


HSG Hanseatische Siedlungs-Gesellschaft mbH

Shareholders: Hamburger Hochbahn AG via HOCHBAHN-Beteiligungsgesellschaft mbH & Co. KG 100% | Business purpose: Letting of company-owned apartments to employees of the HOCHBAHN Group | Number of apartments: 2,041 | Number of employees: 42 (42 excluding one employee of HOCHBAHN and excluding the managing director, as presented in the notes.)


HVW Hamburger Verkehrsmittel-Werbung GmbH

Shareholders: Hamburger Hochbahn AG 24.9%, DSM Deutsche Städte-Medien GmbH 75.1% | Business purpose: Set-up, management and letting of advertising space at stations, marketing and design of advertising on board buses and trains | Number of employees: 1


hySOLUTIONS GmbH (www.hysolutions-hamburg.de)

Shareholders: Hamburger Hochbahn AG 56%, Vattenfall Europe 12.5%, Stromnetz Hamburg 12.5%, VHH Verkehrsbetriebe Hamburg-Holstein 5%, Handelskammer Hamburg 4%, Handwerkskammer Hamburg 4%, Gasnetz Hamburg 3%, Hamburg Port Authority 3% | Business purpose: Promotion, support and implementation of hydrogen and fuel cell technology as well as innovative electrical drive and supply systems in Hamburg | Number of employees: 10 excluding the executive management


TEREG Gebäudedienste GmbH (www.tereg.de)

Shareholders: Hamburger Hochbahn AG via HOCHBAHN-Beteiligungsgesellschaft mbH & Co. KG 56%, Vattenfall Europe 44% | Business purpose: Provision of cleaning and related services for sites, buildings, transport facilities and rolling stock, public establishments and industrial plants and facilities, repair of damage to buildings and sites, building management and provision of security and services in the transport sector | Number of employees: 1,262


Zentral-Omnibus-Bahnhof „ZOB“ Hamburg GmbH (www.zob-hamburg.de)

Shareholders: Hamburger Hochbahn AG 72.2%, Autokraft 11.7%, VHH 10.3%, six further minority stakes 5.8% | Business purpose: Operation of Hamburg's Central Bus Station (ZOB), letting of units for retail and catering outlets | Number of employees: The company does not have staff of its own but staff is seconded by HOCHBAHN and 1 employee from VHH

HOCHBAHN AT A GLANCE

	2020	2019	2018
Financial information (in € million)			
Sales	458.2	534.3	537.4
Net loss for the year before loss absorption by HGV	113.4	68.8	51.0
Cost coverage ratio (%)	84.7	90.1	92.2
Fixed assets	1,498.8	1,409.8	1,233.9
Total assets	1,701.0	1,529.3	1,339.5
Gross capital expenditures	224.4	324.1	292.3
Employees¹	6,308	6,074	5,288
Bus			
Passengers (million) ^{2,3}	151.0	217.2	210.0
Passenger kilometres (million) ^{2,3}	469.7	675.9	653.3
Capital expenditures (€ million)	41.5	105.9	74.8
Number of buses	1,107	1,090	980
Number of lines	119	114	113
Number of stations	1,425	1,402	1,353
Specific energy consumption (in kWh/kilometre per space) ^{2,3,4,7,8}	0.06123	0.06550	0.06773
Specific carbon emissions (in g/kilometre per space) ^{2,3,4,5,6,7,8}	14.92	16.07	16.69
Specific energy consumption (in kWh/passenger kilometre) ^{2,3,4,7,8}	0.57306	0.40044	0.41216
Specific carbon emissions (in g/passenger kilometre) ^{2,3,4,5,6,7,8}	139.61	98.25	101.58
Rail			
Passengers (million) ^{2,3}	163.4	249.5	251.9
Passenger kilometres (million) ^{2,3}	975.7	1,489.6	1,504.1
Capital expenditures (€ million)	174.4	212.4	202.6
Number of carriages	965	929	929
Number of lines	4	4	4
Number of stations	93	93	92
Specific energy consumption (in kWh/kilometre per space) ^{2,3,4}	0.01211	0.01268	0.01273
Specific carbon emissions (in g/kilometre per space) ^{2,3,4,5,6}	0.00	0.00	6.04
Specific energy consumption (in kWh/passenger kilometre) ^{2,3,4}	0.11416	0.07605	0.07244
Specific carbon emissions (in g/passenger kilometre) ^{2,3,4,5,6}	0.00	0.00	34.34

¹ At 31 December, including Management Board and trainees.

² 2020: preliminary figures

³ 2019: updated figures

⁴ Related to the vehicle drive without considering the upstream chain

⁵ Emission factors for calculating the reduction in carbon emissions under the Hamburg Climate Plan. Made available by the Department of the Environment, Climate, Energy and Agriculture. Current as of: June 2020.

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

⁷ Based on timetable data of the concession of HOCHBAHN

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

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