

GROUP MANAGEMENT REPORT

of Hamburger Hochbahn Aktiengesellschaft for the 2023 financial year

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1. Fundamental information about the Group

1.1 The Group's business model

Hamburger Hochbahn AG (HOCHBAHN) is a key member of the Hamburg Public Transport Association (Hamburger Verkehrsverbund – hvv) and as such is one of the leading local public transport companies in Germany. Awarded its contract directly by the Free and Hanseatic City of Hamburg, HOCHBAHN operates four U-Bahn lines, 117 bus lines and several ferry services, thus providing approximately half of all public transport services within the hvv. With over 6,600 employees, HOCHBAHN is one of Hamburg's largest employers. Together with its subsidiaries and investees, including those operating in the areas of U-Bahn network expansion, digital mobility, rolling stock maintenance and security, HOCHBAHN is an integral part of mobility in Hamburg.

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

Management Board

Division	Division	Division	Division
Corporate Management	Finance and Sustainability	Human Resources and Social Affairs	Technical
Chairman Robert Henrich	Merle Schmidt-Brunn	Saskia Heidenberger	Jens-Günter Lang

The Corporate Management division was led by the Chief Executive Officer, Henrik Falk, until 31 December 2023. With effect from 1 January 2024, Robert Henrich joined the Management Board of Hamburger Hochbahn AG and has since acted as Chairman and CEO. In addition to the Hamburg-Takt, Marketing, Corporate Communications as well as Sales and Transport Management, this division also comprises several staff units (Public Affairs and Strategy, Citizen Participation and Information, Internal Auditing). Until 1 July 2023, Henrik Falk also had responsibility for the Human Resources and Social Affairs division, which is now the remit of the Chief Human Resources Officer, Saskia Heidenberger. This division comprises Bus Operations, Human Resources Management, Organisation and Social Affairs, and Occupational Safety, along with Collective Bargaining Policy & Labour Law. Merle Schmidt-Brunn has managed the Finance and Sustainability division since 1 May 2023. It comprises Finance and Managerial Accounting, Procurement, Information Management, Legal Services and Real Estate as well as Cybersecurity and Sustainability. The Technology division, which is headed up by Jens-Günter Lang, consists of Construction Projects, Infrastructure, Bus Technology, Metro Rolling Stock and Metro Operations.

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

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

HOCHBAHN continually supports new mobility concepts. In the 2023 reporting period, having already forged partnerships with MOIA for the ride-sharing service using taxi minivans as well as with TIER and Voi for electric scooters, HOCHBAHN expanded the car sharing service set up with partners MILES and SIXT share, adding the provider ShareNow and integrating the service into the hvv switch app. This central mobility platform with deep integration of all relevant mobility service providers

was expanded in 2023 to incorporate additional offerings such as the Deutschlandticket and the smart e-ticket hvv Any. Together with the over 850 hvv switch parking spaces at municipal railway stations and in the local neighbourhoods, a holistic mobility offering was established in Hamburg. Around 100 more hvv switch points are set to be added by the end of 2024. This substantial expansion will be made possible by federal funding under the umbrella of the Local Public Transport Model Projects programme, which is co-funding a number of mobility projects in Hamburg under the slogan “Auf dem Weg zum Hamburg-Takt” (On track for Hamburg-Takt).

Since taking over NMS New Mobility Solutions GmbH as a wholly owned subsidiary in 2022, HOCHBAHN has been pushing the digitalisation, automation and electrification of the city’s existing transport infrastructure and mobility systems. Innovative, user-centric digital solutions that are also climate-conscious and city-friendly will be developed and the inter-organisational digital transformation of the city’s organisations driven forward. After being awarded the contract to host the UITP Summits 2025 and 2027 in Hamburg, NMS has also been commissioned to prepare and organise this world-renowned trade exhibition and conference for public transport. This is being done out in close coordination with the Free and Hanseatic City of Hamburg and the bidding consortium, whose members are HOCHBAHN (consortium lead), Hamburg Messe und Congress GmbH and MOIA GmbH.

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. Overall planning for the new U5 U-Bahn line and its implementation was further driven forward in 2023. Construction work in the U5 East section is progressing as planned. Construction work to extend the U4 U-Bahn line east to Horner Geest continued according to schedule, as did planning for extending it south to Grasbrook. Our work on improving accessibility for disabled passengers, and our extensive maintenance work have contributed to the future viability of Hamburg’s U-Bahn system.

The locally emission-free bus fleet has grown to a total of 221 vehicles by the end of 2023. This fleet comprises purely battery-based electric buses as well as fuel cell buses.

1.2 Objectives and strategies

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

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

The company’s aim is to reduce private car use and bring about a shift towards environmentally friendly modes of transport. This is intended to contribute to a significant reduction in carbon emissions and ensure that the mobility transformation serves to improve quality of life by producing cleaner air and less noise, and offering a broad selection of integrated modes of transport. On the path to the mobility transformation, HOCHBAHN is heavily involved in the two important sets of measures for carbon reduction that are an intrinsic part of the Senate’s climate plan: the Hamburg-Takt and the electrification of vehicle fleets.

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

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

One of the stated goals of the Senate of the Free and Hanseatic City of Hamburg is to reduce carbon emissions in Hamburg by 70% before 2030 compared with the 1990 baseline. This target was included in the set of guidelines for the second update of the Hamburg Climate Plan. In its capacity as the key partner in the Hamburg-Takt, HOCHBAHN made a commitment to continue with its climate action and the mobility transformation. The aim is to increase local public transport's share of the modal split from to 30% by 2030. When HOCHBAHN's sustainability strategy was defined in 2017, this figure was 22%. In order to meet the target by 2030, even more people will have to use public transport in the coming years.

1.3 Sustainability

Sustainable corporate governance

Since joining the UN Global Compact in 2017, HOCHBAHN has aligned its corporate governance with the Global Compact's ten principles and the Sustainable Development Goals (SDGs). The issue of sustainability is an integral part of HOCHBAHN's corporate strategy and is anchored in the Finance and Sustainability department at Management Board level. In the 2023 reporting period, Merle Schmidt-Brunn, HOCHBAHN's Management Board member responsible for Finance and Sustainability, was elected to the Board of UN Global Compact Netzwerk Deutschland e.V. Her appointment to this important post underlines HOCHBAHN's strong commitment to sustainability and responsible action.

Achievement of sustainability goals is also embedded in the targets agreed by the Management Board and senior management. HOCHBAHN defined sustainability targets in 2023. In the interests of

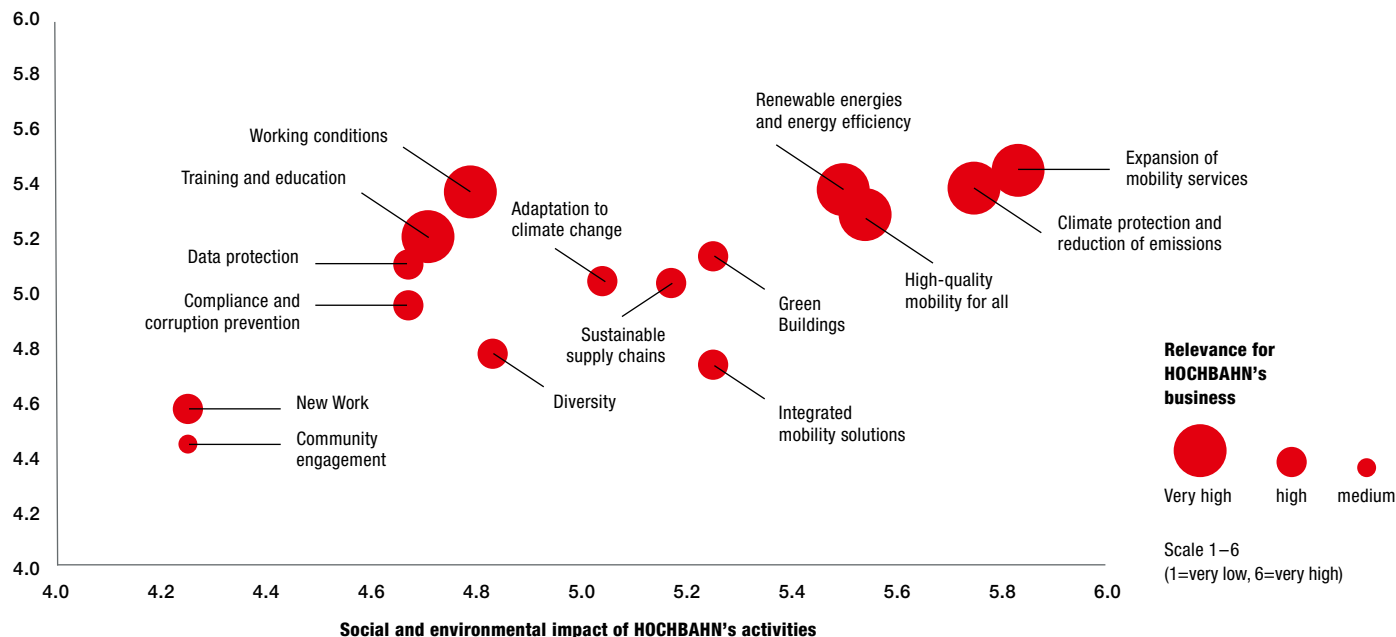
sustainable corporate governance, these are aligned with the city's economic strategy (including process planning in the ERP software solution SAP S/4HANA) and tie in with the procurement of locally emission-free buses (incorporating the requirements of the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichten-gesetz – LkSG) as well as the construction of the U5 U-Bahn line (review and update of a greenhouse gas reduction strategy for the U5). The level of target achievement will be taken into account when determining the variable remuneration for members of the Management Board. There are also various formats for raising awareness of sustainability in processes across the company and actively involving employees in the implementation of these issues.

In order to keep stakeholders fully informed of all of our important sustainability activities, since the 2021 financial year HOCHBAHN has published a GRI Report in accordance with the standards of the Global Reporting Initiative (GRI) in addition to its Annual and Sustainability Report. This report also serves as a progress report for the UN Global Compact and discloses its compliance with the criteria of the German Sustainability Code (DNK) via a DNK Content Index.

Since 2017, HOCHBAHN's sustainability strategy has focused on five prioritised SDGs with special relevance for HOCHBAHN: SDG 7: Affordable and clean energy; SDG 8: Decent work and economic growth; SDG 9: Industry, innovation and infrastructure; SDG 11: Sustainable cities and communities; SDG 13: Climate action.

Materiality matrix

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



Back in 2020, HOCHBAHN further honed its sustainability strategy within the framework of a materiality analysis and evaluated 15 sustainability topics with relevance for HOCHBAHN in terms of its business and the social and environmental impact of its activities. Both internal and external stakeholders were surveyed for this, including customers, HOCHBAHN employees and recognised experts in the fields of mobility and sustainability. The results of the analysis confirmed HOCHBAHN's current policy of contributing significantly to climate action by developing attractive mobility services and through the related modal shift, as well as by reducing our own emissions. A double materiality assessment will be carried out for HOCHBAHN and its subsidiaries in 2024 in advance of the new reporting requirement under the European Corporate Sustainability Reporting Directive (CSRD).

In an effort to be sustainable across all relevant business processes, HOCHBAHN is developing an impact-based model that will enable it to present both the positive and the negative effects of its business activities more effectively. Designed for internal management purposes, the model will also serve to enhance communication with the company's stakeholders. HOCHBAHN believes that the biggest positive impact its business activities will make is by avoiding carbon emissions, which will be achieved through the modal shift from private cars to integrated public transport.

Human rights

The Supply Chain Due Diligence Act (LkSG) entered into force in Germany on 1 January 2023 and has applied to HOCHBAHN ever since. HOCHBAHN has rolled out a human rights and environmental risk management system to comply with this legislation. In 2023, the company took the first step of identifying the human rights and

environmental risks within the meaning of the LkSG to which its business lines are exposed. These risks were then prioritised and suitable preventive measures were defined. Since summer 2023, HOCHBAHN has been using an IT tool to assess the risks posed by its direct suppliers. This analyses country and industry risks and performs media screenings. Suppliers shown to pose an increased risk for the company will be asked to take part in a sustainability rating at a future date and provide additional information about their own sustainability performance for this. Based on the rating developed by independent analysts, HOCHBAHN will assess and prioritise the remaining risks and either implement preventive measures or continue with or adapt existing ones. The findings of two risk assessments were first made public at the end of 2023 in the “Declaration of principles concerning the human rights strategy of Hamburger Hochbahn AG”.

In purchasing, the “Sustainability Standards for Suppliers and Business Partners of Hamburger Hochbahn AG” and its subsidiaries were updated in April 2023 to meet the requirements of the LkSG. They have become binding contractual components in HOCHBAHN’s procurement processes. Other elements of the duties of care introduced in the 2023 reporting period are the whistleblowing system that was expanded at the beginning of 2023 to include cover of human rights violations and environmental issues, and the appointment of a human rights officer.

In 2023, HOCHBAHN’s sustainable sourcing model continued to be used in tender processes whose award criteria included sustainability in addition to the usual technical and commercial requirements. A priority in the reporting period was reviewing the sourcing model for battery-powered buses, incorporating the requirements of the LkSG in the process. This included engaging in dialogue with manufacturers and with non-governmental organisations (NGOs), but also taking on board insights from our participation in Dutch NGO Electronics Watch’s “Low Emission Vehicle Program”.

Statement on corporate governance pursuant to Section 289f (4) German Commercial Code (HGB)

Two new members were appointed to the Management Board in May and July 2023, bringing the proportion of women on the Management Board to 50% by the end of the year. This exceeds the target of 25% set by the shareholder.

The HOCHBAHN Supervisory Board agreed a target percentage of at least 37.5% for women on the Supervisory Board and at least 25% on the Management Board. At 31.25%, the target share of women on the Supervisory Board was not reached in 2023.

For the period up to 31 December 2023, the Management Board had sought to increase the proportion of women to 30% in the first management level and to 25% in the second management level below the Management Board. As at 31 December 2023, women made up 26.3% of the first management level and 27.1% of the second management level below the Management Board.

In the second quarter of 2024, the Management Board will set new targets for the proportion of women in the first two management levels below the Management Board; these will be applicable until 31 December 2028.

Climate action

By adopting its “Climate Neutrality 2030” target in 2019, HOCHBAHN underlined its ambitions and contribution to complying with the Paris Agreement and the City of Hamburg’s CO₂ reduction target. Procuring locally emission-free buses and purchasing certified green electricity are significant levers for reducing direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions (GHG) to zero by 2030. Emissions from upstream and downstream processes (Scope 3) are also being analysed and reviewed for additional savings potential. This is done in particular in the context of planning and constructing infrastructure projects such as the new U5 U-Bahn line. The reduction strategy of the U5 line was recognised in 2023 with the International Construction Project Association (ICPMA) Award as a pioneering achievement for climate-friendly infrastructure construction.

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

In order to identify risks arising from extreme weather as a result of climate change, HOCHBAHN, with scientific support from Climate Service Center Germany (GERICS), looked at climate scenarios and their effects for Hamburg that could impact on HOCHBAHN’s

operations and infrastructure. Particular risks for Hamburg and for HOCHBAHN are coastal and inland flooding, incidents of heavy rain and severe storms. (Infrastructural) measures are already being put in place, for example to reduce the risk of flooding at U-Bahn stations. Risks arising from the effects of climate change are integrated into the Group-wide system for managing opportunities and risks.

1.4 Research and development

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

In collaboration with Stromnetz Hamburg GmbH, the Hamburg University of Technology and Helmut Schmidt University, a research project entitled "Optimised Load Management and Flexibility Coordination for Electrified Urban Public Transport" has been running since mid-2022. This project examines the potential of a flexibly scheduled electricity supply to charge HOCHBAHN's electric buses at the Alsterdorf depot and tests out new functions for HOCHBAHN's existing load management.

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

2. Report on economic position

2.1 Macroeconomic and sector-specific environment

Demand for public transport services largely recovered from the effects of the coronavirus pandemic in the 2023 reporting period, buoyed by the introduction of the Deutschlandticket on 1 May 2023 and influenced by specific political and economic developments. Overall demand was up by around 8% compared with 2022.

The rescue package provided by the federal government to compensate for the financial hit the municipalities were experiencing due to the loss of revenue from transport companies triggered by the pandemic has been replaced by a mechanism agreed by the federal and state governments to compensate for the revenue shortfall caused by the low price of the Deutschlandticket. In 2023, federal and state governments made funds totalling €3 billion available for this purpose.

Spending on manpower, electricity and diesel remained high, with the industry's expenses in 2023 up 57% on average for electricity and up 54% for diesel fuel compared with 2021. However, average ticket prices were down by over 23% industry-wide in the same period, mainly on account of the 9-euro ticket and the Deutschlandticket. Rising costs amid falling revenues thus caused significant financial headaches for the sector in the period under review.

Introduced on 1 May 2023, the Deutschlandticket is the first nationwide subscription ticket passengers can use on all local and regional buses and trains. Currently, 11.2 million people have a Deutschlandticket. Around 20 million citizens had a Deutschlandticket at least once during the first year it was on offer. The ticket has brought passengers back to buses and trains, largely eliminating the loss of passengers caused by the pandemic. However, continuing this success story is at risk, as the structural underfunding of the sector has been reinforced by the Deutschlandticket and the financial position of local public transport is difficult overall.

2.2 Course of business

Once the last official measures to curb the spread of COVID-19 had been lifted in the opening months of 2023, business received a considerable boost from the return of passengers, underpinned by a raft of marketing initiatives carried out by hvv and individual companies. Added to this were effects from sales of the Deutschlandticket, which is valid across different networks. In the hvv region, passenger numbers for the 2023 reporting period were up by 15% year-on-year, equating to 96% of the pre-pandemic year 2019¹.

HOCHBAHN's vehicles were used by some 468 million² passengers (including those changing means of transport) in 2023. This corresponds to an increase of 20.5% compared with 2022. Overall, 1.3% more passengers used the company's services in 2023 than in the last "normal" year, 2019².

Efforts to modernise and expand the U-Bahn network were successfully continued with the conversion of the Meißberg station for barrier-free access, replacement of the Lesserstraße bridges and refurbishment of the Horner Rennbahn station for the extension of the U4 line (the largest construction sites in the reporting period), along with a host of other projects. The necessary additional transfers may have led to slightly overstated values for the number of U-Bahn passengers.

The last of the DT5 series U-Bahn rolling stock was put into operation at the beginning of 2023, which means that no more new units will be added. Planning for the next generation is already underway. The last of the DT3 series rolling stock has been taken out of active service. In 2023, the bus fleet was upgraded according to plan with the addition of new battery-powered solo buses and articulated buses, with diesel units being retired at the same time. The charging infrastructure for the new electric vehicles was extended accordingly, and plans and preparations for additional bus depots were moved forward.

hvv estimates that transport income for the 2023 reporting period increased by 26% year-on-year. However, the comparative figure was low, so this equates to just 88% of 2019 income and pre-pandemic levels are not expected to be reached again until around 2030¹. One of the main reasons for this is the revenue shortfall stemming from the Deutschlandticket introduced in May 2023. While the number of

subscribers has risen as a result, it has led to a drop in the number of weekly and monthly tickets sold. HOCHBAHN estimates that its share of hvv pool income in 2023 is on a level with the previous year, at 47.5%.

HOCHBAHN transport performance

	2023 ¹	2022 ²	2021
Number of passengers carried (in thousand)			
U-Bahn	244,541	199,016	146,807
Bus	223,531	189,399	138,965
Total of both divisions (U-Bahn + bus)	468,072	388,415	285,772
Total number company-wide ³	397,861	330,153	242,905
Kilometres per space (in thousand)			
U-Bahn	8,821,194	8,982,663	9,093,963
Bus	4,795,776	4,588,085	4,502,249
Total number company-wide	13,616,970	13,570,748	13,596,212
Passenger kilometres (in thousand)			
U-Bahn	1,278,324	1,188,124	876,438
Bus	746,402	625,999	477,475 ²
Total number company-wide	2,024,726	1,814,123	1,353,913

¹ Provisional figures

² Updated figures

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

HOCHBAHN operating performance

U-Bahn	2023	2022	2021
Kilometres per unit in service ² (in thousand)	96,743	97,067	97,283
Kilometres per space ^{1,2} (in million)	8,821	8,983	9,094
Total track length ² (km)	105.8	105.8	105.8
Number of lines	4	4	4
Number of stations ²	93	93	93
Average travel speed (km/h) ²	33.1 ³	33.3 ³	33.8 ³

¹ Standing room calculated at 0.25m² per person

² Including Verkehrsgesellschaft Norderstedt mbH

³ Most popular line, U1: 35.4 km/h

¹ hvv calculations and information

² Provisional figures

The U-Bahn division once again delivered a high level of operating performance in the 2023 reporting period. The slight decrease in the number of kilometres per unit in service of 0.3% to just under 96.7 million km is mainly attributable to the temporary service interruptions on the U2 and U4 lines – which are running in parallel in parts – so that construction work on the new U4 U-Bahn line in the Horner Geest area can be carried out.

Owing to the current situation, there are no specific plans to change the volume of services offered in this area in 2024. Due to construction on all U-Bahn lines (including barrier-free upgrading of the Meißberg and Saarlandstraße stations and extension of the U4 line to Horner Geest), operating performance measured in kilometres per unit in service is expected to be marginally lower than in 2023 (–1.4%).

HOCHBAHN operating performances

Bus	2023	2022	2021
Kilometres per unit in service (in thousand)	58,572	56,404	55,972
Kilometres per space ¹ (in million)	4,796	4,588	4,502
Total track length ² (km)	931.2	867.8	956.2
Number of lines ²	117	115	116
Number of stations	1,466	1,421	1,452
Average travel speed (km/h)	18.9	18.9	18.8

¹ Standing room calculated at 0.25m² per person

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

Measured in kilometres per unit in service, operating performance in the bus sector increased by 3.8% year-on-year to 58.6 million km in 2023. This increase is attributable to the change in the volume of shuttle services provided by the company itself and by third parties.

So far there are no plans to increase the range of standard services in 2024 because the extension of line 4 of the MetroBus to the Überseequartier district will be compensated for without impacting on operating performance. Also, when line 46 of the XpressBus starts operating between Harburg and the Airbus plant, line 146 of the StadtBus will be changed starting on 8 July 2024. However, the number of kilometres per unit in service will probably drop slightly in 2024 as fewer services are scheduled for the shuttle service. The possibilities for increasing the range of services when the timetable changes in December 2024 are currently being explored.

The development of key non-financial sustainability performance indicators in the 2023 reporting period is as follows:

Efficiency of modes of transport and their carbon emissions¹

U-Bahn	2023 ²	2022 ³	2021 ³	Change vs. 2022	
				absolute	%
Specific energy consumption (in kWh/kilometre per space)	0.01274	0.01255	0.01263	0.00019	1.5
Specific CO ₂ emissions (market-based, in g/kilometre per space) ⁴	0.00	0.00	0.00	0.00	
Specific CO ₂ emissions (location-based, in g/kilometre per space) ⁵	4.943	4.870	4.899	0.073	1.5
Specific energy consumption (in kWh/passenger kilometre)	0.088	0.095	0.131	–0.007	–7.4
Specific CO ₂ emissions (market-based, in g/passenger kilometre) ⁴	0.00	0.00	0.00	0.00	
Specific CO ₂ emissions (location-based, in g/passenger kilometre) ⁵	34.11	36.82	50.83	–2.71	–7.4

¹ Related to HOCHBAHN's own vehicle operations without considering the upstream chain

² Provisional figures

³ Updated figures

⁴ Emission factors for calculating the reduction of CO₂ emissions as part of the Hamburg Climate Plan. Made available by the Department of the Environment, Climate, Energy and Agriculture. As of: March 2023.

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

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

Compared with the previous year, demand for U-Bahn services grew by 7.6%. Absolute track power consumption for U-Bahn services declined by 0.3% in the same period.

In terms of the specific energy consumption and specific carbon emissions measured in kilometres per space, there was a slight rise of 1.5%, due in part to higher demand and the associated increase in transport weight. The increased demand combined with almost the same level of supply also has the logical effect of significantly improving energy efficiency measured in terms of passenger kilometres. Specific energy consumption and carbon emissions per passenger kilometre in the 2023 financial year were down 7.4% on the prior-year figures.

Efficiency of modes of transport and their carbon emissions¹

Bus	2023 ²	2022 ³	2021 ³	Change vs. 2022	
				absolute	%
Specific energy consumption (in kWh / kilometre per space)	0.0612	0.0626	0.0655	-0.0014	-2.2
Specific CO ₂ emissions (market-based, in g/kilometre per space)	14.19	14.77	15.81	-0.57	-3.9
Specific CO ₂ emissions (location-based, in g/kilometre per space) ⁵	15.56	15.76	16.29	-0.21	-1.3
Specific energy consumption (in kWh/passenger kilometre)	0.3739	0.4423	0.6009	-0.0684	-15.5
Specific CO ₂ emissions (market-based, in g/passenger kilometre) ⁴	86.70	104.37	145.09	-17.66	-16.9
Specific CO ₂ emissions (location-based, in g/passenger kilometre) ⁵	95.02	111.39	149.41	-16.37	-14.7

¹ Related to HOCHBAHN's own vehicle operations without considering the upstream chain

² Provisional figures

³ Updated figures

⁴ Emission factors for calculating the reduction of CO₂ emissions as part of the Hamburg Climate Plan. Made available by the Department of the Environment, Climate, Energy and Agriculture. As of: March 2023.

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

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

The volume of bus services remained virtually unchanged in the reporting period. The number of electric buses in regular operation increased by 81 units year-on-year to 221 units. Absolute consumption of vehicle charging electricity also rose by 4.2 GWh or 37%, now accounting for 5.4% of the bus fleet's overall energy consumption. The increasing use of energy-efficient battery-powered buses in the bus fleet reduced service-related energy consumption by 2.2% year-on-year. Amid the 15.6% rise in demand (measured in terms of passenger kilometres), demand-based energy consumption was reduced by as much as 15.5%.

Comparing the energy consumption figures with the development of the bus fleet's carbon emissions reveals consistent trends: Carbon emissions decreased by 3.9% per kilometres per space, while falling significantly by 16.9% in terms of passenger kilometres. Due to the progressive exchange of drive systems, the carbon trend values applying the market-based approach of calculating charge current were lower than the energy efficiency trends. There are plans to expand the fleet of electric buses to over 280 units by the end of 2024 and to continue to purchase certified green electricity for their operation. Adopting the same strategy as for the U-Bahn system, by exclusively purchasing high-quality certified green electricity HOCHBAHN avoids local carbon emissions for this portion of bus drive power.

HOCHBAHN rolling stock – U-Bahn

U-Bahn		2023		2022		2021	
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	6	2	39	13	39	13
DT4 ²	1988–2005	504	126	504	126	504	126
DT5	2012–2022	489	163	486	162	444	148
Total rolling stock held ²	Number	1,007	295	1,037	305	995	291
	Spaces ³	91,053		93,620		90,260	
Total ready for operation		979	286	1,010	296	968	282

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

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

³ Standing room calculated at 0.25m² per person

HOCHBAHN rolling stock – Buses³

Buses	2023	2022	2021
City and express buses ¹	484	521	581
Articulated buses ¹	272	281	295
Large-capacity articulated buses ¹	93	93	93
Diesel hybrid articulated buses ¹	20	20	20
Fuel cell/battery-powered articulated buses ¹	52	35	12
Hybrid/plug-in buses ¹	3	23	23
Battery-powered solo buses ¹	172	100	82
All buses			
Number	1,096	1,073	1,106
Spaces ²	90,708	89,046	91,025

¹ Low-floor buses

² Standing room calculated at 0.25m² per person

³ Asset inventory vehicles

2.3 Net assets, financial position and results of operations

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

2.3.1 Results of operations

In 2023, the Group's sales rose from €488.1 million year-on-year to €585.4 million. This is mainly due to the increase in transport income as a result of higher passenger numbers in 2023 compared with the previous year and to the related 20.2% rise in income generated from membership of hvv from €397.1 million to €477.4 million. The rise is partly the result of higher compensation payments for the revenue shortfall caused by the introduction of the Deutschlandticket in May 2023. After collecting €60.0 million in compensation for the 9-euro ticket in the previous year, HOCHBAHN received €80.4 million in 2023 to offset the loss of income from the Deutschlandticket (+€20.4 million). In addition, hvv pool income increased by €52.8 million year-on-year to €337.5 million in 2023. However, it should be noted that hvv pool income in 2022 was low due to the effect of the 9-euro ticket.

Own work capitalised in the 2023 financial year amounted to €61.6 million, up €22.1 million on the prior-year figure of €39.5 million. This is primarily the result of higher staff cost rates for own work due to collectively agreed pay adjustments. Other operating income stands at €85.2 million, down €92.5 million from the prior-year figure of €177.7 million. This is mainly attributable to a €88.4 million decrease in subsidies received to €48.8 million. The main reason for this was the income of €87.4 million from the coronavirus rescue package included in the previous year. This is contrasted by income from compensation for selling the Deutschlandticket amounting to €5.4 million.

The Group's gross revenue increased by €25.7 million to €732.7 million in the 2023 financial year.

The cost of materials rose by €67.1 million year-on-year to €294.9 million. This is mainly due to higher electricity costs and higher expenses for external bus companies.

Personnel expenses rose by €66.3 million year-on-year, from €411.3 million to €477.6 million. The increase in personnel expenses results from collectively agreed pay rises compared with the previous year and the increase in social security contributions triggered by this.

Other operating expenses rose slightly in 2023 by €23.9 million to €91.1 million. This is mainly due to increased costs for other services, the donation made to the HOCHBAHN Foundation, the scrapping of the DT3 vehicles and higher costs for external personnel.

Consolidated net income for 2023 of –€0.2 million is down €8.6 million on the prior-year figure of €8.4 million. EBITDA (earnings before loss absorption, net interest income, taxes, depreciation and amortisation) fell by €131.1 million year-on-year to –€131.5 million.

In 2023, HOCHBAHN's cost coverage ratio fell by 10.4 percentage points year-on-year, from 80.9% to 70.5%.

Annual Group earnings (in € million)	2023	2022	2021
Consolidated net income	–0.2	8.4	0.7

HOCHBAHN cost coverage ratio (in %)	2023	2022	2021
Cost coverage ratio	70.5	80.9	80.8

2.3.2 Financial position

The condensed cash flow statement below shows the source and use of financing resources during the 2023 financial year and is presented in line with DRS 21.

Cash funds as at 1.1.2023	€24.1 million
Cash flows from operating activities	–€161.3 million
Cash flows from investing activities	–€232.0 million
Cash flows from financing activities	€447.1 million
Cash funds as at 31.12.2023	€77.9 million

The cash funds as at 31 December 2023 consist of liquid funds.

Durable capital goods that cannot be covered by internal financing and government grants are generally financed by long-term borrowings. To finance its capital expenditure, HOCHBAHN had issued a €500.0 million green bond maturing at the end of 2031 as part of its financing activities back in 2021. In the 2023 reporting period, several tranches of "green" promissory note loans and registered bonds with maturities of between seven and 15 years were successfully issued (average coupon rate of 3.81%). This generated an additional €300 million for HOCHBAHN, to be spent on the transport initiatives needed to achieve the mobility transition.

Liabilities to banks at the end of the financial year were €748.6 million, representing a year-on-year decrease of €100.0 million or 11.8%.

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.

The Group's companies were able to meet their payment obligations at all times during 2023.

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

Capital expenditures

In the 2023 financial year, HOCHBAHN incurred gross capital expenditures (before deduction of subsidies) totalling €418.1 million. Comprising 68.7% of total capital expenditures during the reporting period, the company's investing activities focused on U-Bahn operations, including infrastructure, with a volume of €287.1 million. Of this amount, €146.4 million went on measures for new U-Bahn construction (U5 East line, extension of the U4 line to Horner Geest) and €16.9 million on the upgrading of the U2/U4 lines with GoA2, the second of four grades of automation for the planned autonomous driving. Larger capital expenditures also included €13.6 million for the replacement of the U1 interlocking, €12.9 million for above-ground construction, €11.0 million for the construction of halls 1/2c at the Barmbek depot, €10.5 million for upgrading of U-Bahn stations to enable barrier-free access and €10.1 million for the Wandsbek-Gartenstadt bridge construction project. In addition, €7.4 million went on the replacement of communications equipment, €4.9 million on the procurement of AL2 battery-powered locomotives and €4.4 million on the procurement of DT5 units, while €4.1 million was invested in the electrical redesign of the AL1 battery-electric shunting locomotives already in use. Further investments in the U-Bahn system involved the refurbishment and extension of existing rolling stock and facilities.

A total of €122.3 million was invested in the bus system, including €80.8 million for the purchase of new buses, €17.0 million for the acquisition of the Stenzelring plot, €13.3 million for the electrification of bus depots, €5.1 million for the expansion of the Hummelsbüttel bus depot and €1.7 million for equipping rolling stock with a network switch.

A total of €6.0 million was invested in shared assets, including €1.9 million in the software migration to SAP S/4 HANA, €1.1 million in the expansion of the charging infrastructure at the mobile service points, €0.5 million each in the procurement of testing and sales equipment and APCs (automated passenger counters) and €0.4 million each in the procurement of the stationary sales system and new standard hardware and software. In addition, an amount of €2.7 million was invested in long-term financial assets.

The following table shows a summary for HOCHBAHN over several years:

HOCHBAHN capital expenditures	2023 € million	2023 % share	2022 € million	2021 € million
U-Bahn				
New rolling stock and facilities				
DT5	4.4	1.1	79.7	110.6
Construction of new U4 U-Bahn line	80.0	19.1	58.2	29.4
Construction of new U5 U-Bahn line	66.4	15.9	21.5	11.9
Construction of new Rübenkamp U-Bahn depot	0.6	0.1	0.4	0
Billstedt U-Bahn workshop	0.1	0.0	0.3	1.9
Existing rolling stock and facilities				
Tracks, trackside equipment, safety installations, construction projects and rolling stock	135.6	32.4	99.1	97.6
U-Bahn subtotal	287.1	68.7	259.2	252.2
Bus				
Rolling stock, fixtures and fittings, facilities and installations at bus depots	122.3	29.3	60.3	64.8
Bus subtotal	122.3	29.3	60.3	64.8
Shared facilities	6.0	1.4	5.2	8.3
Long-term financial assets	2.7	0.6	2.4	2.2
Total capital expenditures	418.1	100.0	327.1	327.4

According to the current business plan, capital expenditures are expected to increase significantly to around €896 million in 2024. The primary focus is on the expansion of the U-Bahn network, and the procurement of U-Bahn rolling stock (DT6) and additional locally emission-free buses.

2.3.3 Net assets

As at 31 December 2023, total assets increased by €252.1 million or 10.6% year-on-year to €2,623.7 million. This was largely due to investments in tangible fixed assets. At the same time, bonds on the liabilities side of the balance sheet increased as a result of the bonds issued in 2023, while liabilities to affiliated companies

decreased by €161 million, mainly due to the repayment of financing for investments in tangible fixed assets using the HGV Group's cash pool.

The equity ratio fell by 0.3 percentage points year-on-year to 2.9%.

	2023 € million	2023 % share	2022 € million
Assets			
Tangible and intangible fixed assets	2,298.1	87.6	2,025.1
Long-term financial assets	22.6	0.9	19.7
	2,320.7	88.5	2,044.8
Inventories	53.5	2.0	53.8
Trade receivables	58.2	2.2	41.0
Cash	77.9	3.0	4.1
Other current assets and prepaid expenses	113.4	4.3	228.3
	303.0	11.5	327.2
Total assets	2,623.7	100.0	2,372.0
	2023 € million	2023 % share	2022 € million
Equity and liabilities			
Equity/difference from acquisition accounting	75.6	2.9	76.3
Special item for investment grants	552.2	21.1	387.4
Pension provisions	77.1	2.9	82.4
Bonds	808.3	30.8	500.5
Liabilities to banks	748.6	28.5	849.0
	2,261.8	86.2	1,895.6
Other provisions	109.9	4.2	116.5
Trade payables	116.6	4.4	73.9
Other liabilities and deferred income	135.4	5.2	286.0
	361.9	13.8	476.4
Total equity and liabilities	2,623.7	100.0	2,372.0

2.4 Financial and non-financial performance indicators

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

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

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

2.5 The Group's employees

The average number of employees in the HOCHBAHN Group rose by 244 compared with the previous year.

	2023	2022
Full-time employees	6,602 (5,651)	6,399 (5,494)
Part-time employees	1,064 (742)	1,020 (694)
Trainees	176 (140)	179 (141)
	7,842 (6,533)	7,598 (6,329)

(in parentheses = HOCHBAHN AG)

Collective bargaining policy

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

Furthermore, discussions regarding the collective bargaining agreement for the remuneration system that were suspended in 2019 in light of the pandemic situation as well as ongoing negotiations on the collective bargaining agreement and remuneration system for the Technology division resumed in 2023 and were concluded in September 2023. The upgrading of various operational roles and adjustment of training allowances were agreed as part of this process.

HOCHBAHN's framework agreement on general working and employment conditions was terminated by the ver.di trade union on 31 December 2023. Collective wage negotiations began at the end of January and were accompanied by warning strikes from ver.di. An agreement was reached on 8 March 2024. The new framework agreement on general working and employment conditions came into force with retroactive effect from 1 January 2024 and runs until 31 December 2025. The weekly working hours of employees are being gradually reduced from their current level of 39 hours to 37 hours by mid-2027 without a reduction in pay. Leave entitlements will also rise by a day to 31 days from 2026 onwards, while further improvements for employees relating to shift bonuses, child sickness benefit and parental allowance were also agreed.

Vocational training / work-study programmes

In 2023, HOCHBAHN trained an average of 140 trainees and work-study programme students (“dual students”) in 18 different roles and study programmes, including 11 part-time trainees. The proportion of female trainees and work-study programme students was 24% overall, and 12% in technical-industrial apprenticeships.

In 2023, HOCHBAHN expanded its range of training programmes to include the warehouse logistics specialist apprenticeship in cooperation with the Vocational School for Commercial Logistics and Security (Berufliche Schule gewerbliche Logistik und Sicherheit – BS27) in Hamburg. HOCHBAHN also added two new work-study programmes at the Berlin School of Economics and Law (HWR Berlin) to its portfolio: Technical Facility Management and Business Administration/Service Management. Of the 47 trainees and dual students to graduate in 2023, 40 (85%) became HOCHBAHN employees after completing their training. Once again, one of these graduates was named the best in their year by the Hamburg Chamber of Commerce in 2023 for their training as a track builder. Our best graduate from this training programme, who received the same award from the Hamburg Chamber of Commerce in the previous year, also went on to win the nationwide best-of-the-best track layer award in May 2023.

Continuing professional education

The personnel development and vocational training (PP3) unit continued to improve training and personal development at HOCHBAHN in 2023. A total of 225 events were held in HOCHBAHN's internal continuing professional development programme alone during the year under review, with a particular focus on rolling out the new “Working Out Loud” and “Mentoring” networking formats. A new learning format, “Führungsimpulse” (“Leadership Boosts”), was also successfully established to provide numerous managers with specific remote suggestions for their leadership activities on a regular basis. In April 2023, we also successfully completed the “Junior mobility specialist” pilot, a development programme that prepares driving staff for future promotions in bus and U-Bahn operations at an early stage. Another highlight for HOCHBAHN in 2023 was receiving the award for “Excellent Digital Learning in Public Transport” and taking first prize in the “Industry-Specific Learning Unit” category for its “HOCHBAHN zum Einsteigen” (“HOCHBAHN for New Starters”) onboarding e-learning module.

Integration of refugees

Since the successful launch of the refugee project in conjunction with DEKRA and the Jobcenter in 2017, HOCHBAHN has employed 123 of the 194 migrants to have taken part in the training programme so far as bus drivers as of 31 December 2023. One further training course with a total of 18 participants began in 2024. The company plans to continue with additional training courses in 2025.

New employer brand

HOCHBAHN completed the repositioning of its employer brand in 2023 to ensure that it can successfully respond to the steady increase in competition for qualified professionals. With the slogan “SEI DU. SEI WIR” (“BE YOU. BE US”), we have created an employer brand that caters to our employees’ and applicants’ need for both individualism and belonging.

We photographed a diverse array of employees in everyday work situations in 2023 in preparation for future brand communications. Using our own staff as models for these photographs emphatically demonstrates our brand’s commitment to authenticity. The images show HOCHBAHN for what it is, with people presented as they are.

The photos were then displayed as part of an internal preview event before being rolled out across various digital and analogue channels as part of an eye-catching campaign to raise awareness of the brand among the general public. HOCHBAHN employees had the opportunity to discover the new brand ahead of its launch when it was presented and discussed in various departments and at executive level as part of roundtable events. A film on the intranet also helped to connect employees with the brand on an emotional level. The most important part of the internal brand rollout was the employee roadshow, in which a bus decorated with campaign motifs visited 17 HOCHBAHN sites over three weeks to raise awareness and generate enthusiasm for the new brand. HOCHBAHN employees had the chance to learn more about how the brand was created, ask questions and express their views.

Based on these foundations, all personnel marketing media and channels were migrated to the new brand identity starting in October 2023. In spring 2024, the new brand is being used to make people in different target groups aware of career opportunities in suitable roles.

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

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

3. Economic position of significant consolidated companies

FFG Fahrzeugwerkstätten Falkenried GmbH

FFG's main tasks comprise the following business units:

Vehicle technology

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

Commercial and technical fleet management

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

Infrastructure maintenance facilities

This business unit focuses on the maintenance of HOCHBAHN's infrastructure facilities.

FFG provides its services at seven locations:

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

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

As in previous years, the company continued to focus on becoming more competitive in the 2023 financial year. Continuous improvement processes, active controlling and quality management, and concentrating on core competencies have ensured sustained competitiveness.

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

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

The financial year closed with net income (before profit transfer) of €1,671 thousand (previous year: €1,681 thousand).

TEREG Gebäudedienste GmbH

TEREG provides cleaning services, including facility cleaning services, building redevelopment services and technical services. Performance in the individual lines of business was mixed.

The building redevelopment business closely missed the level of sales seen in the previous year (–€507 thousand). Earnings, however, were considerably up year-on-year(+€411 thousand). The technical services business was able to increase sales as a result of collective bargaining-related price adjustments (+€1,539 thousand). Earnings decreased slightly compared to the previous year (–€132 thousand).

Facility cleaning services also increased sales year-on-year (+€1,339 thousand). Earnings were up significantly compared to the previous year (+€594 thousand).

The return on sales based on earnings before taxes came to 4.5%, up 1.9 percentage points on the prior-year level. Investment income contracted marginally by –€6 thousand to €528 thousand compared to the previous year.

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

Sales in 2024 are expected to be roughly at the previous year's level. Work to update processes and digitalise operations will continue. TEREK again expects to generate a clearly positive operating result.

The financial year closed with net income (before profit transfer and guaranteed dividend) of €1,912 thousand (previous year: €1,108 thousand).

HSG Hanseatische Siedlungsgesellschaft mbH

This company's task is to provide housing for employees of HOCHBAHN and its subsidiaries. The company manages its own portfolio of 15 commercial units and 2,048 residential units, which are available to employees of the HOCHBAHN Group. The company is therefore the HR management arm of the HOCHBAHN Group. Furthermore, the company will help to improve HOCHBAHN's economic position by contributing appropriate income from investments.

The company also continued to pursue its policy, which is geared towards sustainable, long-term growth, in 2023 under the prevailing conditions. The aims are to provide cost-effective housing, to preserve and improve the properties while ensuring economic viability, and to generate appropriate investment income for HOCHBAHN.

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

The percentage of apartments vacant for more than one month is 0.86% (previous year: 0.88%). The share of apartments that were vacant for more than three months is 0.18% (previous year 0.39%). Target rents rose to €12,361 thousand year-on-year (previous year: €12,186 thousand), mainly due to rent increases. The financial year closed with net income before profit transfer of €1,229 thousand (previous year: €1,064 thousand).

The company expects net income before profit transfer in 2024 to be roughly on a par with the previous year.

HHW Hamburger Hochbahn-Wache GmbH

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

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

A total of 296,508 hours (previous year: 306,022) were worked in security services and 171,727 hours (previous year: 130,992) in ticket inspection services. Of the hours worked in security services, 118,034 (previous year: 117,746) hours were for provision of basic security services and 178,474 (previous year: 188,276) hours were for extra security services.

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

Based on existing contracts, costs incurred by HHW are billed at agreed hourly rates, giving net income before profit transfer of €75 thousand (previous year: €7 thousand). The hourly rates agreed with HOCHBAHN have a significant influence on net income for the year, while the hourly rates for the extra security services provided for FHH merely cover costs.

4. Report on expected developments and on opportunities and risks

4.1 Report on expected developments

The forecasts and target figures stated below are based on the business plan for 2024 approved by the Supervisory Board on 7 December 2023.

Hamburg-Takt: mobility transformation strategy creates scope for a mobility system that is fit for the future

The aim of the Hamburg-Takt public transport strategy is to encourage people in Hamburg to do without their cars and travel in a climate-neutral, space-saving way that conserves resources to help a vibrant city protect the climate. As a result, Hamburg-Takt is at the heart of the city's mobility transformation and an important part of the Hamburg Climate Plan, the second update of which is nearing completion. All transport-related action areas identified to achieve the Hamburg Senate's ambitious climate protection goals will be bundled together under transport development planning in future.

As well as expanding the route network, existing lines will also be upgraded to ensure more frequent services and higher capacity in order to meet the target of improving the U-Bahn's performance even further by 2030. The ongoing process of digitalisation and automation will be the key technologies here, with the U-Bahn100 project to partially automate the U2 and U4 lines currently in the planning phase.

We are also focusing on U-Bahn stations to make access to local public transport even simpler and more attractive for passengers. As part of these efforts, the Jungfernstieg junction is being transformed into an "innovation station" by 2025. It will then provide a model for other stations to follow in terms of passenger information, route signage and ambience.

While improvements to the bus service are currently limited to a few individual initiatives, a comprehensive expansion of the service is planned for the near future. We continue to make good progress with the planning required to create vital infrastructure, with a new bus depot in Meiendorf currently in the planning phase and a plot acquired on Hammer Deich. We continue to make good progress with the planning required to create vital infrastructure, with a new bus depot in Meiendorf currently in the planning phase and a plot

acquired on Hammer Deich. Negotiations are currently underway for the shared use of a subplot with Edeka/Handelshof at an additional property in Neuland. Our plan is to secure this space for the long term via a ground lease agreement. We will also create a central workshop on Stenzelring, south of the planned Veddel bus depot.

The use of autonomous minibuses for regular and on-demand services will play an increasingly important role alongside our plans for the bus segment. The ALIKE project, run in conjunction with our long-term partner MOIA as well as BENTELER subsidiary HOLON, aims to create the city's first automated large-scale on-demand service. Together, we plan to bring automated minibuses to Hamburg's streets by 2025 with the zero-emission HOLON Mover, marking a major milestone in our bid to create an integrated local public transport network by 2030.

Barrier-free upgrading of U-Bahn stations

Providing people with limited mobility with access to local public transport is of particular concern for the Senate of the Free and Hanseatic City of Hamburg and HOCHBAHN. In light of this, the Free and Hanseatic City of Hamburg launched a programme to accelerate upgrades in this area in 2011, with 40 U-Bahn stations initially upgraded to facilitate barrier-free access as part of this programme by the end of 2019. HOCHBAHN has systematically continued this programme even further over the past four years so that 88 of the 93 stations on the U-Bahn network had already been made barrier-free by the start of 2024, which means that 95% of stations have now been upgraded, up from 92% at the end of the previous year.

Work to convert and expand the Meßberg station for barrier-free access was underway at the start of 2024. Construction work began in early 2023, with the platforms due to be refurbished as part of a six-week service interruption in summer 2024. The station is expected to become barrier-free in 2025.

The approval required for the U-Bahn system under the Ordinance on the Construction and Operation of Tramways (Straßenbahn-Bau- und Betriebsordnung – BOStrab) to upgrade the Saarlandstraße station for barrier-free access has been granted, with the grant notification for this project issued by the Department of Transport and Mobility Transformation (BVM). The tendering process for these works took place in the first quarter of 2024, and the first contracts have already been awarded. Construction is scheduled to start in May 2024 as part of a six-week service interruption. This station is also expected to become barrier-free in 2025.

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

U-Bahn network expansion

In line with its customer-centric, demand- and supply-oriented approach, the Free and Hanseatic City of Hamburg is aiming to develop its local public transport network primarily by expanding the existing rapid transit and regional rail network. The following U-Bahn network expansion measures were being prepared at the turn of 2023/2024:

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

Approval plans for the construction of the new Fuhlsbüttler Straße U-Bahn station on the U3 line have been prepared for the submission of a planning application. These documents are currently being reviewed by the legal department of the Department of Economic Affairs and Innovation (BWI), with a public consultation planned thereafter. An application for planning funding has been submitted to the Department of Transport and Mobility Transition (BVM) for the implementation plans. We intend to continue with these plans immediately after receiving approval for the funding.

As part of the grant to carry out and complete preliminary planning, we held a competition to develop the project to extend the U4 line south to Grasbrook from its current terminus at Elbbrücken and selected the winning design, which is now being followed up as part of the planning process. The grant application for the upcoming design and approval planning phases (project phases 3 and 4 in accordance with the fee schedule for architects and engineers) was submitted to the BVM in November 2022, with a corresponding grant of €15 million issued in January 2023. Work began in October 2023, while we also commissioned all other specialist planning and appraisal services for this planning phase. Onshore soil investigations began at Kleiner Grasbrook in October 2023.

Work to extend the U4 line eastwards to Horner Geest continued according to plan in 2023. Structural work continued on the first section (Horner Rennbahn station to junction). Shell construction of the bypass tunnel and new Horner Rennbahn station was completed in March 2023. A shutdown period of around 11 months between the Rauhes Haus and Legienstraße stations began in May 2023. The rail replacement services introduced were positively received after some initial difficulties and have since been running smoothly. In Phase 1, the new Horner Rennbahn station was connected to the existing network during the shutdown period before expansion work to create more space and technical building services work began. A third entrance was created at the existing Horner Rennbahn station, while work to install the junction also got underway. In Phase 2 (junction to Horner Geest terminus), work to enclose construction pits around the Horner Geest station was completed, with excavation of the construction pits getting underway in August 2023. Work to enclose construction pits around the Stoltenstraße station and the tunnel is ongoing. Acceptance of and interest in the project remains significant despite the noise generated and the series of diversions caused by construction work.

hvv switch project

The hvv switch app expanded its positioning in the market considerably in 2023, having been downloaded more than 1.2 million times by the end of the year. More than 850,000 users have successfully registered in the hvv switch app. This positive development was primarily due to the introduction of the Deutschlandticket in May 2023, together with the Hamburg Public Transport Association (Hamburger Verkehrsverbund – hvv)'s decision to sell the ticket exclusively via the hvv switch app. Around 140,000 active Deutschlandticket users were recorded in the hvv switch app as of the end of 2023.

Essential hvv information functions were added to the hvv switch app in mid-2023 that were steadily expanded as the year progressed. In October, the hvv Any functionality was reintegrated into the hvv switch app and the hvv Any app was taken off the market. In addition, the app's range of payment options was expanded to include SEPA, the option to issue and use vouchers was created, and car sharing provider MILES's electric vehicle service was successfully integrated together with long-standing car sharing partner SHARE NOW.

In 2023, we steadily increased the number of hvv switch points and pushed ahead with efforts to equip these points with charging infrastructure, opening our 100th hvv switch point at the airport to become Europe's largest electric car sharing hub in March 2023. By the end of 2023, more than 140 hvv switch points were in operation with over 220 charging points.

The main focus of 2024 is to carry out extensive preparatory work to integrate the hvv app into the popular hvv switch app, and allow Hamburg's residents to order the free student ticket via the hvv switch app in time for the start of the new 2024/2025 school year. In 2024, we are also aiming to identify and implement the first initiatives to significantly improve the quality of information available across hvv's transport services. We are also planning to integrate additional mobility services into the hvv switch app, including the services provided by station-based car sharing provider cambio as well as taxi operator Hansa Taxi.

Further expansion of our network of hvv switch points is also planned for 2024 to not only increase the network's density but also extend it into adjoining, less densely populated areas. As part of the Hamburg Senate's mobility transformation strategy, we are also aiming to create designated parking areas for micromobility services from 2024 onwards and create the conditions for hvv switch points in the city's outer district with primarily station-based car sharing services.

E-Bus system

The manufacturer delayed deliveries of the electric buses ordered for 2023 during the year under review, with 80 of the 89 vehicles planned entering services in 2023. However, this figure also contained 24 buses originally planned for 2022. The remaining vehicles were put into service in the first quarter of 2024.

All of the 77 vehicles planned for 2024 have already been ordered: 53 solo buses, including five fuel cell hybrid buses, and 24 articulated buses. Given the manufacturer's long lead times, it is unlikely that all of the buses planned for delivery in 2024 will actually be delivered by the end of the current year. Bids have been submitted and negotiations started for vehicle tenders covering up to 800 vehicles of 12 and 18 metres in length for orders between 2024 and 2029.

Earthworks for the Meiendorf bus depot began and the shell construction contract will be awarded soon. Planning permission has been granted to expand bus parking at Hummelsbüttel. The service building has been demolished and construction began on 29 February 2024. The general planner has been commissioned for the Veddel site and planning has begun. The public consultation on the development plan has taken place. At the Neuland 23 site, plans are currently being agreed for the shared use of a subplot with Edeka/Handelshof. Efforts are currently underway to secure the site for the long term by handing it over to HOCHBAHN and promptly transferring it to a ground lease agreement. The company has begun to plan the implementation of the excavation work and roadworks required to electrify the first 67 buses at the Wandsbek depot.

In terms of charging infrastructure, work has begun to implement the modular system solution for the Langenfelde depot. The Harburg II depot was also connected to the electricity grid.

As part of a research project entitled "Optimised Load Management and Flexibility Coordination for Electrified Urban Public Transport", the quality of load profile forecasting was improved by eliminating initial peak loads. On the IT side, this load profile forecasting is processed further in the Energy Efficient Framework (EEF, a software-based optimisation system). At electricity grid level, an ordering process has been created for the coordination function. This is now being implemented with IT staff from Stromnetz Hamburg GmbH. The research team at Hamburg University of Technology is currently planning and building the test environments. The contract to install battery storage at the Alsterdorf bus depot was awarded to a contractor and planning permission was granted in the first quarter of 2024.

Procurement of U-Bahn rolling stock

Due to delivery delays, HOCHBAHN only received the last three DT5 units during the year under review, thus completing the procurement of vehicles of this type that began in 2023. As planned, HOCHBAHN now has 163 DT5 units in operation (equivalent to 489 carriages).

Together with the DT4 (end of 2023: 504 carriages), the DT5 constitutes the foundation of the U-Bahn fleet. The generation of DT4 vehicles that first came into operation back in 1989 are now reaching the end of their

useful life and will be gradually withdrawn from service from the end of the current decade after approximately 40 years of use. In addition to the need to replace the DT4 units, additional vehicles will also be required in future, both for the existing network (lines U1 to U4) due in particular to the intended expansion of services associated with the Hamburg-Takt, as well as for the planned U5 U-Bahn line currently under construction.

The requirements for procuring vehicles for the existing network differ from those for the U5 line. The next generation of vehicles for lines U1 to U4 will be fitted with a driver's compartment at each end as usual (DT6-F), while the new vehicles for the U5 line do not require any driver's compartments as they will be fully automated (DT6-A). This gives them increased passenger capacity.

The tendering process for these vehicles began back in 2020 with the qualification of bidders. The actual tender documents (e.g. contract with annexes, specification sheet with annexes, bid conditions) were sent out with the invitation to tender in October 2022. The bids were evaluated in 2023. The plan is to award the framework contract and call the first two delivery lots totalling 48 vehicles in the second quarter of 2024.

Sustainable capital market instruments

HOCHBAHN expects to invest €3.1 billion in vehicles and in network expansion and modernisation projects in the medium term between 2024 and 2027 to achieve the objectives of the Free and Hanseatic City of Hamburg's Climate Plan and implement the mobility transformation. After taking grants into account, the company plans to borrow more than €1.3 billion in the medium term. Additional investments amounting to billions of euros are likely to be needed by 2030.

By issuing unregistered and registered green bonds and green promissory note loans, HOCHBAHN reached milestones towards funding its massive future investment plans and diversifying its financing portfolio. The success of these bonds has encouraged the company to aim for further issues of green financial instruments in the future, with ratings agency Fitch confirming its highest rating of AAA in late summer 2023 (stable outlook) in this context.

Expected future development of earnings

The expected development of earnings stated below is based on the business plan for 2024 approved by the Supervisory Board on 7 December 2023. As a result, a net loss of €370.0 million is projected for 2024. The forecasts derived from this are EBITDA of –€212.8 million and a cost coverage ratio of 61.9%.

The expected deterioration in earnings in 2024 versus 2023 will be largely due to the assumption that income will continue to remain virtually unchanged during the current year while costs rise. As a result, stagnating hvv pool income in 2024 (full-year effect of the introduction of the Deutschlandticket) will be offset by only slightly higher compensation payments. The amount taken into account for this in planning was based on the federal government's existing funding commitments at the time these plans were drawn up. However, the actual entitlement to compensation payments for the Deutschlandticket is approximately €44 million higher. Cost increases during the year are triggered by the procurement of only locally emission-free buses, the electrification of infrastructure, and rises in staff costs, energy costs and interest rates.

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

4.2 Report on risks and opportunities

Risk and opportunity management system

The identification, assessment, management and communication of risks and opportunities arising from the company's business activities is regulated by HOCHBAHN's risk and opportunity management (ROM) system. Taking into account statutory requirements, the fundamental principles of risk and opportunity management are specified by the Management Board of HOCHBAHN and applied throughout the Group. An ROM inventory is carried out every six months and the Management Board and Supervisory Board are regularly informed about its results.

Risks and opportunities are defined as follows: Potential future trends or events that might result in a departure from forecasts or goals that is negative (risk) or positive (opportunity) for the Group. The same instruments and processes are used for the treatment of the Group's opportunities and risks during the inventory processes. Any offsetting of risks and opportunities is excluded.

Opportunities and risks at the HOCHBAHN Group are presented here on a net basis. This means that opportunities and risks were assessed after deducting any initiatives already implemented or taken into consideration in the financial statements. The Group's risks and opportunities (operational risks and opportunities) are subject to an observation period of 12 months. They are stated with their expected value (= probability of occurrence x impact amount). The probability of occurrence is divided into the following four levels:

Level	Probability of occurrence
Unlikely	≤ 25%
Low	> 25% ≤ 50%
Moderate	> 50% ≤ 75%
High	> 75%

Similarly, the impact amount is also divided into four levels when assessing risks and opportunities:

Level	Impact amount
Low	≥ €10,000 ≤ €75,000
Moderate	> €75,000 ≤ €750,000
High	> €750,000 ≤ €7,500,000
Very high	> €7,500,000

Overriding medium-term risks and opportunities (strategic risks and opportunities) cover a time horizon of four years. The assessment methodology is the same as that used to calculate the thresholds for the probability of occurrence and impact amount of the Group's risks.

HOCHBAHN's risk and opportunity management comprises the seven risk and opportunity categories set out below. It is important to note that the risk and opportunity categories are presented in order of the amount of expected damage or expected opportunity value according to the autumn 2023 inventory.

1. Personnel
2. Performance (operational risks)
3. Other risks
4. Infrastructure/IT
5. Environment and sector (market environment)
6. Finance
7. Strategy

Material risks and opportunities for the HOCHBAHN Group in each risk and opportunity category are described below, before the overall risk and opportunity positions at the end of 2023 are outlined. Selected non-material risks are also presented on a voluntary basis to provide a comprehensive overview of the company's risk position.

The following table summarises the Group's opportunities and risks (net presentation).

Autumn inventory 2023 – Business risks
(net assessment)

Probability of occurrence				
> 75%	–	3	1	1
> 50% ≤ 75%	1	4	1	–
> 25% ≤ 50%	1	3	3	–
≤ 25%	–	11	21	11
	≤ 75	> 75 ≤ 750	> 750 ≤ 7,500	> 7,500
Potential impact in € thousand				
Total number of business risks: 61				
Short-term overall risk position: €65,6 million				

Autumn inventory 2023 – Business opportunities
(net assessment)

Probability of occurrence				
> 75%	1	1	1	1
> 50% ≤ 75%	–	–	–	–
> 25% ≤ 50%	–	–	–	–
≤ 25%	–	–	–	–
	≤ 75	> 75 ≤ 750	> 750 ≤ 7,500	> 7,500
Potential impact in € thousand				
Total number of business opportunities: 4				
Short-term overall risk position: €46,8 million				

The number of identified risks to the company increased by 9 compared to the previous year (December 2023: 61; December 2022: 70).

One additional opportunity was identified for the company compared to the previous year (December 2023: 4; December 2022: 5). The key opportunity for HOCHBAHN is that HOCHBAHN receives higher-than-planned public funds to offset losses and additional costs, largely those resulting from the introduction of the Deutschlandticket.

I. Risk reporting

1. Risk category: Personnel

Personnel risks carried an expected loss of €31.5 million as of the end of 2023. This is primarily due to collective wage negotiations and associated receivables (see below for details) from our social partners.

Collective wage negotiations – framework collective agreement

Due to negotiations on the framework collective agreement, a financial risk of €12.7 million was identified in 2023 as a result of changes in personnel expenses that were not sufficiently included in the budget. In particular, our social partners demanded an improvement in working conditions as part of their negotiations on framework collective agreement. The company prepared negotiation strategies for these collective wage negotiations in an effort to counter this risk. This risk has been classified as having a low probability of occurrence and a very high impact amount.

Collective wage negotiations – collective bargaining agreement

As a result of upcoming negotiations for the collective bargaining agreement from summer 2024 onwards, HOCHBAHN suffered a financial loss arising from an increase in personnel expenses due to wage and salary adjustments that was not included sufficiently in the budget. Preparations for collective wage negotiations are already being made in an effort to limit this risk. This risk has been assessed as carrying an expected loss of €16 million (probability of occurrence: high; impact amount: very high).

Workforce

The company currently assumes that it could incur additional personnel costs caused by the increased absentee rate due to factors such as illness, unavailability or excessive stress, as well as due to negative impacts on operating processes caused by insufficiently qualified key and specialist personnel. Absence management has been defined as a countermeasure and includes monitoring absences and developing health-related initiatives such as fitness offers (coaching, "machtfit" healthcare platform) or meditation classes. This risk was assessed to have an expected value of €1.7 million (probability of occurrence: moderate, impact amount: high).

2. Risk category: Performance (operational risks)

There continue to be significant operational risks resulting from the HOCHBAHN Group's procurement and supplier management. This risk category has been assessed as carrying an expected loss of €16.1 million.

Cost risk from rising procurement prices

As in the previous year, the procurement of building materials such as steel and concrete as key components in long-term refurbishment and construction projects, as well as electrical and electronic components for bus and U-Bahn operations, are also subject to a price risk. The prices of key supplies such as diesel and electricity have stabilised at a level that, while lower than 2022, still remains high. We are not currently expecting diesel prices to rise by a considerable amount in 2024. As a countermeasure, HOCHBAHN is constantly on the lookout for opportunities to make potential savings. Risks associated with rising procurement prices were assessed as carrying an expected loss of €6.1 million (probability of occurrence: low to high; impact amount: low to very high).

Dependence upon individual suppliers

The company may be considerably dependent upon individual suppliers due to the technical specifications for electric and electronic components for buses and U-Bahn rolling stock, for example. However, the purchasing and inventory strategy adopted by the company means this risk particularly exists where exceptional events occur. In extreme cases, supply chain disruption caused by geopolitical crises or pandemics, for example, could result in operational disruptions or project delays. To manage this risk, HOCHBAHN focuses on training employees in its various departments and regularly monitoring purchasing processes. This risk was assessed to have an expected value of €4 million (probability of occurrence: low; impact amount: very high).

Taking supplier evaluations into account

HOCHBAHN is exposed to quality and reputational risk if it does not sufficiently take into account supplier evaluations and assessments. To counteract the potential impact of this risk, HOCHBAHN is pressing ahead with the expansion of its internal control system, particularly with

regard to implementation of the German Supply Chain Due Diligence Act (LkSG). The expected loss associated with this risk was assessed at €4 million (probability of occurrence: low; impact amount: very high).

Order and delivery conditions

HOCHBAHN could incur additional costs if its contractors do not comply with order and delivery conditions. The company reduces the potential losses associated with this risk by training employees in its various departments. The expected loss associated with this risk was assessed at €1 million (probability of occurrence: low; impact amount: high).

3. Risk category: Other risks

At the end of 2023, the expected loss associated with other risks was higher than the previous year's figure at €8.5 million. This is due to new risks associated with the Climate and Transformation Fund, the Economic Stabilisation Fund and the 2024 federal budget.

Climate and Transformation Fund, Economic Stabilisation Fund and 2024 federal budget

The Federal Constitutional Court's ruling on the unconstitutionality of the Climate and Transformation Fund and Economic Stabilisation Fund and an adjusted federal budget for 2024 present new risks for HOCHBAHN. These are risks that HOCHBAHN cannot control (or can only control to a limited extent). This risk has been assessed as carrying an expected loss of €5.8 million (probability of occurrence: high; impact amount: high).

Non-compliance with regulatory requirements of the General Data Protection Regulation (GDPR)

Breaches of regulatory requirements such as implementing GDPR requirements in a legally non-compliant way could present significant liability and legal risks for HOCHBAHN. State-specific regulatory bodies regularly review GDPR compliance and impose severe financial penalties if these requirements are breached. To reduce this risk, we continually make our employees aware of data protection issues and regularly update and audit our privacy policy. This results in an expected loss of €1 million, with the probability of occurrence assessed as low and the impact amount rated as very high.

4. Risk category: Infrastructure/IT

Risks allocated to the IT infrastructure category have an expected loss for the HOCHBAHN Group of €5.3 million. The topic of IT security represents a material risk within this category.

IT security

There has been an increase in cyberattacks in Germany since the start of the Russian war of aggression. Against this backdrop, the Federal Office for Information Security (BSI) wrote a section in its annual review entitled¹ “Russian war of aggression against Ukraine shifts focus to vulnerability of critical infrastructure”. As a company providing critical infrastructure that has a high profile in the Hamburg metropolitan area, HOCHBAHN could be a target for such an attack. The company launched a business continuity management project in 2023 to reduce this risk. HOCHBAHN assessed risks associated with extortion, data loss, cyberattacks, etc. as having an expected loss of €4.7 million (probability of occurrence: low, impact amount: moderate to very high).

5. Risk category: Environment and sector (market environment)

This risk category was assessed to have an expected value of €3.2 million. Two risks in particular contributed to this assessment. The first risk is that of obtaining services dishonestly (fare evasion by fellow citizens), which has been assessed as having an expected value of €960 thousand (probability of occurrence: low; impact amount: high). The second is the risk of a drop in rental income from commercial properties due to economic developments, which has been assessed as having an expected value of €675 thousand (probability of occurrence: low; impact amount: very high).

6. Risk category: Finance

The Finance risk category has a total expected loss of €1.0 million. The main risk in this category is the rise in lending rates. We are assuming an additional unexpected increase in planned interest rates for future financing of 1% for the 2024 calendar year. The aforementioned expected loss has been calculated based on this scenario (probability of occurrence: low; impact amount: very high).

7. Risk category: Strategy

Medium-term strategic risks: Implementation of Mobility Transformation and Climate Neutrality 2030 strategies

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

¹ BSI: The State of IT Security in Germany in 2022

II. Opportunity reporting

Like its risks, the HOCHBAHN Group's opportunities are assessed separately as either Group opportunities with potential impacts within the next 12 months or strategic opportunities with medium-term impacts. Potential net Group opportunities totalling €46.8 million were identified as of the end of 2023.

1. Opportunity category: Environment and sector (market environment)

Receiving higher-than-planned public funds

The biggest opportunity for the Group in this category is the possibility of HOCHBAHN receiving higher-than-planned public funds to offset losses and additional costs (e.g. arising from the coronavirus pandemic, Russia's war of aggression in Ukraine or the Deutschlandticket) totalling €43.6 million. To increase this opportunity's probability of occurrence, HOCHBAHN is actively seeking a dialogue with representatives of the Free and Hanseatic City of Hamburg. The probability of occurrence was assessed as high, while the impact amount was rated as very high.

More significant rise in passenger demand

The successful introduction of the nationwide €49 ticket in May 2023 shows that affordable tickets valid across different networks can enhance the appeal of local public transport. In this respect, the Deutschlandticket provides an opportunity to permanently change mobility behaviour to benefit the environment and thus increase demand. To manage this opportunity, HOCHBAHN's focus is on continuing with targeted sales initiatives such as optimising customer loyalty programmes (hvv Plus) and promotional activities (such as Infomobil). As in the previous year, there is an opportunity for HOCHBAHN to become more attractive and generate €3.1 million of additional income (probability of occurrence: high; impact amount: high).

2. Opportunity category: Strategy Implementing the mobility transformation strategy

The HOCHBAHN Group's biggest strategic opportunity is to generate funding when hosting the UITP Global Public Transport Summits 2025 and 2027 in Hamburg. The company has launched various initiatives to acquire funding and ensure that it can make the most of this

opportunity, including submitting applications and setting up a grant management team. Overall, the prospective impact of this opportunity is classified as very high with a increased probability of occurrence.

In addition, the profound transformation in mobility behaviour is increasingly enhancing the appeal of integrated local public transport. People are becoming more and more aware of the need to make sustainable mobility decisions and protect the environment. These ambitions are also enshrined in the Free and Hanseatic City of Hamburg's Climate Plan, which was updated for the second time in 2023. Specifically, the Senate once again significantly tightened the targets for reducing carbon emissions by 2030 (-70%) and 2045 (-98% = climate neutrality) compared to 1990. By transitioning the bus fleet to locally emission-free drive technologies and pursuing an approach focused on integrated mobility solutions, HOCHBAHN is making a major contribution to achieving these goals and taking the opportunity to position itself even more clearly within the market. As a result, there is also a growing interest in emission-free movement and shared mobility services. The energy crisis resulting from the Russian war of aggression and rising prices for fossil fuels are reinforcing this trend and leading to an opportunity for increased revenue for HOCHBAHN (probability of occurrence: medium, impact amount: very high).

As a result of a continued influx of new residents to the Hamburg metropolitan area, HOCHBAHN believes there is an opportunity to benefit from generally favourable market development and advantageous conditions for expanding its transport services and products (probability of occurrence: medium, impact amount: high).

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 (probability of occurrence: low, impact amount: high).

Finally, the construction of the new U5 U-Bahn line is opening up other areas of the city with high demand potential and making them more accessible.

III. Summary of risk and opportunity position

In 2023, two risk and opportunity management (ROM) inventories were conducted within the Group. There were no ad-hoc notifications for sudden and unexpected material risks. The short-term overall risk position in a net presentation is €65.6 million, with an opportunity position of €46.8 million.

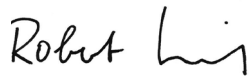
The Personnel risk category poses the biggest potential risk. In particular, upcoming negotiations with our social partners result in a high risk that an unbudgeted increase in personnel expenses may occur due to wage and salary adjustments as well as additional adjustments to collective wage agreements.

Receiving higher-than-planned public funds may provide particularly significant business opportunities for the HOCHBAHN Group.

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

Hamburg, 28 March 2024

Hamburger Hochbahn Aktiengesellschaft
The Management Board



Robert Henrich



Merle Schmidt-Brunn



Saskia Heidenberger



Jens-Günter Lang

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Consolidated income statement

of Hamburger Hochbahn Aktiengesellschaft for the period from 1 January to 31 December 2023

€	2023	2022
1. Sales	585,371,015.84	488,057,589.26
2. Increase in inventories of finished goods and work in progress	514,745.84	1,662,516.10
3. Other own work capitalised	61,631,830.37	39,506,902.52
4. Other operating income	85,228,311.33	177,737,788.87
5. Gross revenue	732,745,903.38	706,964,796.75
6. Cost of materials		
a) Cost of raw materials, consumables and supplies, and of purchased merchandise	133,306,277.99	112,518,735.49
b) Cost of purchased services	161,588,420.62	115,292,050.73
	294,894,698.61	227,810,786.22
7. Personnel expenses:		
a) Wages and salaries	392,378,355.51	335,720,623.00
b) Social security, post-employment and other employee benefit costs	85,192,772.21	75,605,078.90
	477,571,127.72	411,325,701.90
8. Depreciation, amortisation and write-downs:		
of intangible and tangible fixed assets	149,082,203.76	139,620,894.72
	149,082,203.76	139,620,894.72
9. Other operating expenses	91,118,994.77	67,206,236.31
10. Investment income	962,511.60	991,966.39
11. Net interest expense	-14,414,550.98	-13,408,214.20
12. Expenses for loss absorption	-52,765.79	0.00
13. Taxes on income	-224,067.40	-87,059.65
14. Earnings after taxes	-293,649,994.05	-151,502,129.86
15. Other taxes	-1,561,486.50	-2,052,367.98
16. Income from loss absorption	294,986,595.67	161,973,356.54
17. Consolidated net income for the financial year	-224,884.88	8,418,858.70
18. Minority interests in profit	-879,530.72	-467,624.35
19. Consolidated retained losses brought forward	-100,139,071.62	-108,091,669.94
20. Withdrawals from other Group revenue reserves	125.05	1,363.97
21. Consolidated net accumulated losses	-101,243,362.17	-100,139,071.62

Consolidated balance sheet

of Hamburger Hochbahn Aktiengesellschaft as at 31 December 2023

ASSETS €	31.12.2023	31.12.2022
A. Fixed assets		
I. Intangible fixed assets		
1. Purchased concessions, industrial and similar rights and assets	6,734,693.00	6,549,015.00
2. Prepayments	12,403,588.42	10,591,662.60
	19,138,281.42	17,140,677.60
II. Tangible fixed assets		
1. Land, land rights and buildings, including buildings on third-party land	497,384,538.50	464,772,923.27
2. Technical equipment and machinery	1,289,666,548.85	1,226,295,734.85
3. Other equipment, operating and office equipment	34,219,953.51	37,833,346.03
4. Prepayments and assets under construction	457,715,147.87	279,021,049.28
	2,278,986,188.73	2,007,923,053.43
III. Long-term financial assets		
1. Shares in affiliated companies	1,944,215.31	1,944,215.31
2. Investments in associates	76,712.16	76,712.16
3. Other long-term equity investments	117,612.09	117,612.09
4. Long-term securities	20,478,463.03	17,558,369.04
	22,617,002.59	19,696,908.60
	2,320,741,472.74	2,044,760,639.63
B. Current assets		
I. Inventories		
1. Raw materials, consumables and supplies	45,127,844.04	45,878,485.58
2. Work in progress, unfinished services	8,392,745.26	7,877,999.42
3. Prepayments	0.00	12,445.25
	53,520,589.30	53,768,930.25
II. Receivables and other assets		
1. Trade receivables	58,188,646.85	40,991,175.63
2. Receivables from affiliated companies	3,425,301.25	3,729,058.77
3. Receivables from other long-term investees and investors	3,537,988.36	3,000,097.15
4. Receivables from the Free and Hanseatic City of Hamburg	88,527,763.11	191,033,459.05
5. Other assets	13,114,200.80	25,286,223.86
	166,793,900.37	264,040,014.46
III. Cash in hand, bank balances	77,907,824.26	4,052,113.99
	298,222,313.93	321,861,058.70
C. Prepaid expenses	4,723,463.20	4,965,251.54
	2,623,687,249.87	2,371,586,949.87

EQUITY AND LIABILITIES €	31.12.2023	31.12.2022
A. Equity		
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	9,398,953.52	9,399,078.57
	13,522,959.09	13,523,084.14
IV. Consolidated net accumulated losses	-101,243,362.17	-100,139,071.62
V. Adjustment item for minority interests	1,381,180.96	969,274.59
	75,649,122.82	76,341,632.05
B. Special item for investment grants	552,170,474.00	387,357,764.91
C. Provisions		
1. Provisions for pensions and similar obligations	77,081,079.00	82,431,456.00
2. Tax provisions	80,319.80	0.00
3. Other provisions	109,809,748.47	116,535,168.99
	186,971,147.27	198,966,624.99
D. Liabilities		
1. Bonds	808,288,323.07	500,530,821.92
2. Liabilities to banks	748,626,840.02	848,605,088.37
3. Prepayments received on orders	4,348,290.01	1,390,040.00
4. Trade payables	116,560,963.89	73,944,392.97
5. Liabilities to affiliated companies	99,192,736.30	260,439,649.47
6. Liabilities to other long term investees and investors	401.20	401.20
7. Other liabilities	31,230,410.74	23,302,420.16
	1,808,247,965.23	1,708,212,814.09
E. Deferred income	591,401.10	650,974.38
F. Deferred tax liabilities	57,139.45	57,139.45
	2,623,687,249.87	2,371,586,949.87

Consolidated statement of changes in fixed assets

of Hamburger Hochbahn Aktiengesellschaft for 2023

€ thousand						Cost
	Balance on 01.01.2023	Additions	Disposals	Reclassi- fications	Balance on 31.12.2023	
I. Intangible fixed assets						
1. Purchased concessions, industrial and similar rights and assets	44,101	1,159	938	663	44,985	
2. Prepayments	10,592	4,900	0	-3,089	12,403	
Intangible fixed assets	54,693	6,059	938	-2,426	57,388	
II. Tangible fixed assets						
1. Land, land rights and buildings, including buildings on third-party land	869,601	42,676	1,913	23,615	933,979	
2. Technical equipment and machinery						
a) Tracks, trackside equipment and safety installations	580,642	22,515	2,862	19,764	620,059	
b) Rolling stock for passenger and goods transport	1,499,397	90,558	33,649	8,246	1,564,552	
c) Machines and machinery not classified under a) or b)	163,671	14,260	1,574	13,265	189,622	
	2,243,710	127,333	38,085	41,275	2,374,233	
3. Other equipment, operating and office equipment (incl. low-value assets)	178,041	8,588	2,916	833	184,546	
4. Prepayments and assets under construction	279,021	242,077	86	-63,297	457,715	
Tangible fixed assets	3,570,373	420,674	43,000	2,426	3,950,473	
III. Long-term financial assets						
1. Shares in affiliated companies	1,944	0	0	0	1,944	
2. Investments in associates	76	0	0	0	76	
3. Other long-term equity investments	118	0	0	0	118	
4. Long-term securities	17,559	2,920	0	0	20,479	
	19,697	2,920	0	0	22,617	
	3,644,763	429,653	43,938	0	4,030,478	

	Depreciation, amortisation and write-downs				Carrying amounts		
	Balance on 01.01.2023	Additions	Disposals	Rebookings	Balance on 31.12.2023	Balance on 31.12.2023	Balance on previous year
	37,552	1,635	938	1	38,250	6,735	6,549
	0	0	0	0	0	12,403	10,592
	37,552	1,635	938	1	38,250	19,138	17,141
	404,828	32,706	939	0	436,595	497,384	464,773
	353,787	20,761	2,781	0	371,767	248,292	226,855
	578,461	70,554	30,563	0	618,452	946,100	920,936
	85,166	10,400	1,218	-1	94,347	95,275	78,505
	1,017,414	101,715	34,562	-1	1,084,566	1,289,667	1,226,296
	140,208	12,940	2,822	0	150,326	34,220	37,833
	0	86	86	0	0	457,715	279,021
	1,562,450	147,447	38,409	-1	1,671,487	2,278,986	2,007,923
	0	0	0	0	0	1,944	1,944
	0	0	0	0	0	76	76
	0	0	0	0	0	118	118
	0	0	0	0	0	20,479	17,559
	0	0	0	0	0	22,617	19,697
	1,600,002	149,082	39,347	0	1,709,737	2,320,741	2,044,761

Consolidated statement of changes in equity

of Hamburger Hochbahn Aktiengesellschaft for the period from 1 January to 31 December 2023

€	Subscribed capital			Reserves	
	Ordinary shares	Capital reserves	Revenue reserves	Total	Consolidated net accumulated losses at 1.1.
Balance at 1.1.2022	88,938,200.00	73,050,144.94	13,524,448.11	86,574,593.05	-108,091,669.94
Distribution					
Profit share, Vattenfall Europe New Energy GmbH, previous year	0.00	0.00	0.00	0.00	0.00
Other changes					
Unwinding of discount/reversal of specific valuation allowance, HSG	0.00	0.00	-1,363.97	-1,363.97	0.00
Consolidated net income for the financial year	0.00	0.00	0.00	0.00	0.00
Balance on 31.12.2022	88,938,200.00	73,050,144.94	13,523,084.14	86,573,229.08	-108,091,669.94
Balance at 1.1.2023	88,938,200.00	73,050,144.94	13,523,084.14	86,573,229.08	-100,139,071.62
Distribution					
Profit share, Vattenfall Europe New Energy GmbH, previous year	0.00	0.00	0.00	0.00	0.00
Other changes					
Unwinding of discount/reversal of specific valuation allowance, HSG	0.00	0.00	-125.05	-125.05	0.00
Consolidated net income for the financial year	0.00	0.00	0.00	0.00	0.00
Balance on 31.12.2023	88,938,200.00	73,050,144.94	13,522,959.09	86,573,104.03	-100,139,071.62

Equity of the parent			Non-controlling interests			Group equity	
Consolidated net income/loss for the year attributable to the parent	Consolidated net accumulated losses at 31.12.	Total	Non-controlling interests before net income/loss for the year	Gains/ losses attributable to non-controlling interests	Total	Total	
0.00	-108,091,669.94	67,421,123.11	1,029,941.90	0.00	1,029,941.90	68,451,065.01	
0.00	0.00	0.00	-528,291.66	0.00	-528,291.66	-528,291.66	
1,363.97	1,363.97	0.00	0.00	0.00	0.00	0.00	
7,951,234.35	7,951,234.35	7,951,234.35	0.00	467,624.35	467,624.35	8,418,858.70	
7,952,598.32	-100,139,071.62	75,372,357.46	501,650.24	467,624.35	969,274.59	76,341,632.05	
0.00	-100,139,071.62	75,372,357.46	969,274.59	0.00	969,274.59	76,341,632.05	
0.00	0.00	0.00	-467,624.35	0.00	-467,624.35	-467,624.35	
125.05	125.05	0.00	0.00	0.00	0.00	0.00	
-1,104,415.60	-1,104,415.60	-1,104,415.60	0.00	879,530.72	879,530.72	-224,884.88	
-1,104,290.55	-101,243,362.17	74,267,941.86	501,650.24	879,530.72	1,381,180.96	75,649,122.82	

Consolidated cash flow statement

of Hamburger Hochbahn Aktiengesellschaft for the period from 1 January to 31 December 2023

€ thousand	2023	2022
Net income/loss for the period before loss absorption	-295,211	-153,554
+/- Depreciation, amortisation and write-downs of intangible and tangible fixed assets, and reversals of such write-downs	149,082	139,621
- Reversal of the special item for investment grants	-22,624	-19,378
+/- Increase/decrease in provisions	-10,502	6,734
+/- Other non-cash expenses/income	-910	-776
+/- Gain/loss on disposal of fixed assets	3,025	494
+/- Increase/decrease in inventories, trade receivables and other assets	77,950	-91,242
+/- Increase/decrease in trade payables and other liabilities	-77,553	-39,432
+/- Interest expense, net of interest income	14,415	13,408
- Other investment income	910	992
+/- Income tax expense/income	224	87
+/- Income tax payments	-144	-98
Cash flows from operating activities	-161,338	-143,144
+ Proceeds from the disposal of property, plant and equipment and non-current financial assets	1,565	0
- Payments for the acquisition of property, plant and equipment and intangible assets	-426,733	-332,299
+ Proceeds from grants for investments in property, plant and equipment and intangible assets	187,436	113,814
- Payments for the acquisition of non-current financial assets	-2,920	-2,519
+ Proceeds from advance payments received	4,348	1,312
+ Interest received	4,359	16
Cash flows from investing activities	-231,945	-219,676
+ Proceeds from company owners	300,000	0
+ Proceeds from new loans	32,701	20,000
- Payments to repay loans	-133,099	-116,410
- Payments to company owners and minority shareholders	-467	-468
+/- Change in HGV liquidity account	-36,400	96,970
+ Loss absorption by HGV		
Current interim invoices	349,200	285,920
Remaining absorption amount of the previous year	-54,213	-123,947
- Interest paid	-10,583	-13,628
Cash flows from financing activities	447,139	148,437
Net change in cash funds	53,856	-214,383
+ Cash funds at beginning of period	24,052	238,435
Cash funds at end of period	77,908	24,052

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

Notes to the consolidated financial statements as at 31 December 2023

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

(1) General disclosures

The 2023 consolidated financial statements of Hamburger Hochbahn Aktiengesellschaft (HOCHBAHN) were prepared in accordance with the requirements of the German Commercial Code (Handelsgesetzbuch – HGB) and the German Stock Corporation Act (Aktiengesetz – AktG). The consolidated financial statements of HOCHBAHN are prepared voluntarily based on the exemption provisions of Section 291 HGB.

The company's financial year is the calendar year.

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

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

(2) Basis of consolidation

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

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

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

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

(3) Consolidation principles

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

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

(4) Accounting policies

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

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

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

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

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

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

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

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.

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

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

Based on actuarial opinions, pension obligations are recognised using the projected unit credit method (PUC) applying Professor Klaus Heubeck's 2018 G mortality tables and assuming an average remaining term to maturity of 15 years, applying an interest rate of 1.82% p.a. (previous year: 1.78% p.a.). The future salary trend (including career advancement) was calculated at 3.0% p.a. (previous year: 2.75% p.a.). The anticipated pension trend of 1.50% p.a. (previous year: 1.50% 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 3.0% p.a. (previous year: 2.75%) was taken into account when calculating the settlement amount. Furthermore, these provisions were discounted in accordance with Section 253 (2) Sentence 1 HGB at the average market interest rates corresponding to their remaining maturity set by the Deutsche Bundesbank in the past seven years at between 1.03% p.a. (previous year: 0.52% p.a.) and 1.74% p.a. (previous year: 1.44% p.a.). Other provisions also include provisions in accordance with Section 249 (2) HGB (old version). The company made use of the option provided in Article 67 (3) Sentence 1 of the Introductory Act to the German Commercial Code (Einführungsgesetz zum Handelsgesetzbuch – EGHGB) to maintain these provisions.

Liabilities are carried at their settlement amount.

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

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

Notes to the balance sheet

(5) Fixed assets

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

(6) Receivables and other assets

in € thousand	2023	2022
1. Trade receivables	58,189	40,991
2. Receivables from affiliated companies	3,425	3,729
of which trade receivables	(3,531)	(3,895)
of which other receivables	(-106)	(-166)
3. Receivables from other long-term investees and investors	3,538	3,000
of which trade receivables	(2,488)	(2,265)
of which other receivables	(1,050)	(735)
4. Receivables from the Free and Hanseatic City of Hamburg	88,528	191,034
of which trade receivables	(82,490)	(168,040)
of which other receivables	(6,038)	(22,994)
5. Other assets	13,114	25,286
Total	166,794	264,040

Of the receivables from long-term investors and investees, €130 thousand have a remaining term of more than one year. This figure is €3,174 thousand for other assets.

(7) Subscribed capital

HOCHBAHN's subscribed capital amounted to €88,938 thousand on 31 December 2023 and is broken down as follows:

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

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

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

(8) Revenue reserves

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

The Group's other revenue reserves changed as follows in the 2023 financial year:

in € thousand	
Balance as at 1 January 2023	9,399,078.57
Reduction of the reserve from initial debt consolidation	-125.05
Balance as at 31 December 2023	9,398,953.52

(9) Loss carried forward

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

(10) Special item for investment grants

In the reporting year, additions to the special item amounted to €187,436 thousand.

(11) Provisions

in € thousand	2023	2022
Provisions for pensions and similar obligations	77,081	82,432
Tax provisions	80	0
Other provisions	109,810	116,535
	186,971	198,967

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 €13,394 thousand for current pensions and similar obligations and of €2,838 thousand for future pensions to beneficiaries and eligible beneficiaries who acquired these entitlements prior to 1 January 1987.

The discounting of the provisions for pensions at the average market interest rate for the past ten years compared with a discounting at the average market interest rate for the past seven years gives rise to a difference of €425 thousand at the balance sheet date. In principle, this is subject to a dividend payout restriction in accordance with Section 253 (6) Sentence 2 HGB but not to a transfer restriction.

Apart from provisions to ensure competitiveness in the amount of €33,737 thousand, other provisions include obligations for future anniversary bonuses, outstanding holiday entitlements, partial retirement obligations, surpluses on long-term working hours accounts, contributions to the employers' liability insurance association, obligations for third-party insurance with Haftpflichtgemeinschaft Deutscher Nahverkehrs- und Versorgungsunternehmen (HDN), deferred maintenance payments, litigation risks and outstanding invoices.

(12) Liabilities

in € thousand	of which with a remaining maturity of			
	Total	< 1 year	1–5 years	> 5 years
1. Bonds	808,288	8,288	0	800,000
Previous year	500,531	531	0	500,000
2. Liabilities to banks ¹	748,627	123,171	404,898	220,558
Previous year	848,605	135,811	430,307	282,487
3. Prepayments received on orders	4,348	4,348	0	0
Previous year	1,390	1,390	0	0
4. Trade payables	116,561	116,291	270	0
Previous year	73,944	73,712	232	0
5. Liabilities to affiliated companies	99,193	99,193	0	0
Previous year	260,440	260,440	0	0
of which trade receivables	(48,799)	(48,799)	(0)	(0)
Previous year	110,414	110,414	0	0
of which other liabilities	(50,394)	(50,394)	(0)	(0)
Previous year	150,026	150,026	0	0
6. Liabilities to other long-term investees and investors	1	1	0	0
Previous year	0	0	0	0
of which trade receivables	(1)	(1)	(0)	(0)
Previous year	0	0	0	0
7. Other liabilities ¹	31,230	30,214	512	504
Previous year	23,302	23,302	0	0
of which taxes	(4,940)	(4,940)	(0)	(0)
Previous year	4,199	4,199	0	0
of which related to social security	(2,352)	(2,352)	(0)	(0)
Previous year	1,719	1,719	0	0
Total	1,808,248	381,504	405,682	1,021,062
Previous year	1,708,212	495,186	430,539	782,487

¹ Of which secured by mortgages with HSG: €17,317 thousand (previous year: €11,372 thousand)

(13) Deferred taxes

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

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

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

in € thousand	2023	2022
Ticket sales ¹	477,402	397,120
Rental and leasing agreements	36,239	34,799
Other	71,730	56,139
	585,371	488,058
of which relating to prior periods ²	(-6,196)	(5,250)

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 2023 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 (-€6,821 thousand).

Sales were generated exclusively in Germany.

(15) Other operating income

in € thousand	2023	2022
Other operating income	85,228	177,738
of which relating to prior periods	(9,289)	(8,816)

(mainly income from the reversal of provisions)

Other operating income includes income from the reversal of the special item in the amount of €22,624 thousand (previous year: €19,378 thousand). Other operating income also includes extraordinary income from compensation payments received to offset higher expenses incurred in adjusting sales processes in connection with the introduction of the Deutschlandticket amounting to €5,353 thousand for 2023.

For precautionary reasons, income received from the ex-post settlement of the 2022 Covid rescue package and from the compensation payments received for the 9-euro ticket in 2022 was not recognised, as no final notifications have yet been received from the FHH.

(16) Personnel expenses

in € thousand	2023	2022
Wages and salaries	392,378	335,721
Social security, post-employment and other employee benefit costs	85,193	75,605
	477,571	411,326
of which in respect of post-employment benefits	(6,987)	(6,796)

(17) Depreciation, amortisation and write-downs

Write-downs in accordance with Section 253 (3) Sentence 5 HGB in the amount of €86 thousand (previous year: €238 thousand) were recognised in the reporting year.

(18) Other operating expenses

The other operating expenses include prior-period expenses of €4,051 thousand.

(19) Investment income

in € thousand	2023	2022
Income from affiliated companies	259	265
Income from associates	704	727
	963	992

(20) Net interest income

in € thousand	2023	2022
Other interest and similar income	8,096	220
of which from affiliated companies	(302)	(151)
of which from discounts	(3,545)	(0)
Interest and similar expenses	-22,511	-13,628
of which to affiliated companies	(-1,304)	(-610)
from the unwinding of discounts	(-2,004)	(-1,809)
	-14,415	-13,408

(21) Minority interests in profit

The minority interest in profit concerns the subsidiary TEREK Gebäudedienste GmbH in the amount of €880 thousand (previous year: €468 thousand).

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

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

Breakdown of auditors' fees in € thousand	2023
Audit services	167
Other assurance services	8
	175

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

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

Benefits, risks and financial effects

HOCHBAHN generated present value benefits from 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. As of 31 December 2023, the liability from this loan amounted to €3,249 thousand. The fair value of the swaps at the balance sheet date based on mark-to-market valuation totalled –€45 thousand. The hedges recognised in accordance with Section 254 HGB are micro hedges. The contractual partners for the loan agreements and swap contracts are identical. Since all factors to be applied for measuring the hedged item and the hedging item are identical, this does not give rise to risks for HOCHBAHN according to the critical terms match method.

(24) Contingent liabilities

Liabilities from guarantees amount to €4,715 thousand and relate exclusively to third parties.

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

(25) Other financial obligations

Other financial obligations amount to €1,820,372 thousand. They include obligations to affiliated companies and associates in the amount of €7,318 thousand.

(26) Disclosures on employees of the HOCHBAHN Group

	2023
Full-time employees	6,602
Part-time employees	1,064
	7,666
of which female employees	(1,388)
of which severely disabled persons	(396)
Pensioners	74
Trainees	176

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

The members of the Supervisory Board did not receive any remuneration in financial year 2023, only meeting attendance fees.

Total remuneration of the Management Board amounted to €1,219 thousand (including variable remuneration of €292 thousand).

In addition, there are provisions for pension obligations to active members of the Management Board in the amount of €2,474 thousand and provisions for pension obligations to retired members of the Management Board and their surviving dependants totalling €15,398 thousand. Remuneration of €618 thousand was paid to former members of the Management Board and their surviving dependants in financial year 2023.

(28) Shareholdings as at 31 December 2023

Name and registered office of the entity	Name	Equity investment %
Consolidated companies		
FFG Fahrzeugwerkstätten Falkenried GmbH, Hamburg	HOCHBAHN	100.0
HHW Hamburger Hochbahn-Wache GmbH, Hamburg	HOCHBAHN	100.0
HSG Hanseatische Siedlungs-Gesellschaft mbH, Hamburg	HOCHBAHN Beteiligungsgesellschaft mbH & Co. KG	100.0
HOCHBAHN Beteiligungsgesellschaft mbH & Co. KG, Hamburg	HOCHBAHN	100.0
HOCHBAHN Grundstücksverwaltungsgesellschaft mbH & Co. KG, Hamburg	HOCHBAHN	100.0
TEREG Gebäudedienste GmbH, Hamburg	HOCHBAHN Beteiligungsgesellschaft mbH & Co. KG	56.0
HOCHBAHN U5 Projekt GmbH, Hamburg	HOCHBAHN	100.0
Companies not consolidated in accordance with Section 296 (1) no. 1 HGB		
HADAG Seetouristik und Fährdienst Aktiengesellschaft, Hamburg	HOCHBAHN	100.0
HADAG Verkehrsdienste GmbH, Hamburg	HADAG AG	100.0
Companies not consolidated in accordance with Section 296 (2) sentence 1 HGB		
HSF Hamburger Schnellbahn-Fahrzeug-Gesellschaft mbH, Hamburg	HOCHBAHN	100.0
HOCHBAHN-Verwaltungsgesellschaft mbH, Hamburg	HOCHBAHN	100.0
ATG Alster-Touristik GmbH, Hamburg	HOCHBAHN	100.0
hySOLUTIONS GmbH, Hamburg	HOCHBAHN	56.0
Zentral-Omnibus-Bahnhof "ZOB" Hamburg Gesellschaft mit beschränkter Haftung, Hamburg	HOCHBAHN	72.1
NMS New Mobility Solutions Hamburg GmbH, Hamburg	HOCHBAHN	100.0
Associates in accordance with Section 311 (2) HGB		
BTI BLOHM & TEREG Industriedienstleistungen GmbH, Hamburg	TEREG	50.0
MRG Dienstleistungen GmbH	TEREG	33.3
Hamburger Verkehrsmittel-Werbung GmbH, Hamburg	HOCHBAHN	24.9

(29) Name and registered office of the parent company

HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg (HGV), is HOCHBAHN's sole shareholder; the sole shareholder of HGV is the Free and Hanseatic City of Hamburg. HGV is the parent company that prepares the consolidated financial statements and the Group management report for

the largest group of companies in accordance with Section 291 HGB; these are disclosed in the Company Register. In addition, the Free and Hanseatic City of Hamburg prepares consolidated financial statements, which it publishes on its website.

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

Hamburg, 28 March 2024

Hamburger Hochbahn Aktiengesellschaft
The Management Board



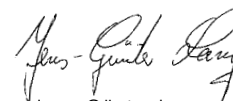
Robert Henrich



Merle Schmidt-Brunn



Saskia Heidenberger



Jens-Günter Lang

Independent auditor's report

To Hamburger Hochbahn Aktiengesellschaft, Hamburg

Audit opinions

We have audited the consolidated financial statements of Hamburger Hochbahn Aktiengesellschaft, Hamburg, and its subsidiaries (the Group) comprising the consolidated balance sheet as at 31 December 2023, the consolidated income statement, the consolidated statement of equity and the consolidated cash flow statement for the financial year from 1 January 2023 to 31 December 2023 as well as the notes to the consolidated financial statements, including the presentation of the accounting policies. In addition, we have audited the group management report of Hamburger Hochbahn Aktiengesellschaft for the financial year from 1 January 2023 to 31 December 2023. In accordance with the German legal requirements, we have not audited the contents of the group management report components mentioned in the "Other information" section of our audit report.

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

- the accompanying consolidated financial statements comply, in all material respects, with the requirements of German commercial law and in compliance with the German generally accepted accounting principles give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2023, and of its financial performance for the financial year from 1 January 2023 to 31 December 2023, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not extend to the contents of the group management report components mentioned in the "Other information" section.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany – IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the Group companies in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Other information

The executive directors are responsible for the other information. The other information includes the following unaudited components of the group management report:

- 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 consolidated financial statements and on the group 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 consolidated financial statements, the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Management Board and the Supervisory Board for the consolidated financial statements and the group management report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects with the requirements of German commercial law and that the consolidated financial statements, in compliance with the German generally accepted accounting principles, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they, in accordance with German generally accepted accounting principles, have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict with this.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 of the HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the IDW will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with the German generally accepted accounting principles.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence, we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hamburg, 31 May 2024

Mazars GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Hauschildt
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Dr Dannenbaum
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