

Condensed notes

1. Basic information on the Group

The Group's parent company (hereinafter also referred to as "HHLA" or "the HHLA Group") is Hamburger Hafen und Logistik Aktiengesellschaft, Bei St. Annen 1, 20457 Hamburg (HHLA AG), Germany, registered in the Hamburg Commercial Register under HRB 1902. The holding company above the Group is HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement mbH, Hamburg (HGV).

To illustrate the earnings, net assets and financial position of the subgroups, the annex to these condensed Notes to the Consolidated Financial Statements contains the income statement, the statement of comprehensive income, the balance sheet, the cash flow statement and the statement of changes in equity for each subgroup.

The Condensed Interim Consolidated Financial Statements, and therefore the information in the Notes, are presented in euros (€). For the sake of clarity, the individual items are shown in thousands of euros (€ thousand) unless otherwise indicated. Due to the use of rounding procedures, it is possible that some figures do not add up to the stated sums.

2. Significant events in the reporting period

In early January 2020, China announced that a novel coronavirus had been detected in several patients. What was initially a local outbreak turned relatively quickly into an international pandemic. The coronavirus pandemic had a significant impact on HHLA's financial performance in the first half of the financial year. It has not, however, resulted in any material effects on the recognition or measurement of the Group's assets and liabilities as of 30 June 2020.

There were no other particular events during the period under review that had an impact on the Group's earnings, net assets and financial position.

3. Consolidation, accounting and valuation principles

3.1 Basis for preparation of the financial statements

The Condensed Interim Consolidated Financial Statements for the period from 1 January to 30 June 2020 were prepared in compliance with the rules of IAS 34 *Interim Financial Reporting*.

The IFRS requirements that apply in the European Union have been met in full.

The Condensed Interim Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements as of 31 December 2019.

3.2 Principal accounting and valuation methods

The accounting and valuation methods used for the preparation of the Condensed Interim Consolidated Financial Statements correspond to the methods used in the preparation of the Consolidated Financial Statements as of 31 December 2019.

Due to the anticipated impact of the coronavirus pandemic, the existing expected loss ratio for the 91–180-day range was increased by 30 % for the measurement of the credit risk for trade receivables in accordance with IFRS 9. The impact on the Consolidated Financial Statements is immaterial.

The consideration transferred on 31 July 2019 during the acquisition of shares in Bionic Production GmbH, Lüneburg (Bionic), also included a contingent consideration measured at fair value. This liability from the contingent consideration was derecognised as a result of a new agreement with the seller on 30 June 2020. The derecognition of the liability led to income of € 4,327 thousand being included in the result. Since the facts of the case are in the economic context of the development described below and the resulting impairment charge, the income was allocated to the HHLA-Group's operating result (EBIT) by way of recognition in the item "Other operating income" in the same way as the impairment loss.

Due to the worldwide effects of the corona pandemic and delays in some projects, the Executive Board of HHLA AG, Hamburg, has recalculated the recoverable amount of the Bionic cash-generating unit (CGU) as at 30 June 2020. An impairment loss of €4,037 thousand was recognized for Bionic, so that the carrying amount of Bionic's goodwill was reduced to €4,982 thousand. This is allocated to the Logistics segment.

The recoverable amount was determined using fair value less costs to sell. The valuation is considered level 3 of the fair value hierarchy due to the unobservable input factors used in the valuation.

The management approach and key assumptions for determining fair value less costs to sell

Unobservable input factor	Values assigned to the key assumption as of 30 June 2020 (31 December 2019)	Approach to determining the assumption
Disposal costs	€ 319 thousand (€ 516 thousand)	Estimated on the basis of the company's experience with the sale of assets
Cash flow forecast period	9 years (10 years)	9-year forecast approved by the Executive Board of HHLA AG, prepared by the management
Capitalisation interest rate	9.12 % (11.65 %)	Illustrates the specific risks
Long term growth rate	1 % (1 %)	Denotes the weighted average growth rate used to extrapolate cash flows beyond the forecast period

As there were no indications of impairment of the other CGUs, the Management Board has not updated the other impairment calculations.

The company started applying the following new standards on 1 January 2020:

- Amendments to References to the Conceptual Framework in IFRS standards
- Amendments to IAS 1 and IAS 8 *Definition of Materiality*
- Amendments to IFRS 9, IAS 39 and IFRS 7 *Interest Rate Benchmark Reform*
- Amendments to IFRS 3 *Definition of a Business*

No effects on the Consolidated Financial Statements arose from the application of these new provisions.

The following new amendments to standards can be applied on a voluntary basis for the financial year under review:

No amendments to standards had been voluntarily adopted as of the balance sheet date.

3.3 Changes in the group of consolidated companies

No changes in the group of consolidated companies took place during the reporting period.

4. Purchase and sale of shares in subsidiaries

There were no acquisitions or disposals of shares in subsidiaries in the first six months of 2020.

5. Earnings per share

Basic earnings per share in €

	Group		Port Logistics subgroup		Real Estate subgroup	
	1–6 2020	1–6 2019	1–6 2020	1–6 2019	1–6 2020	1–6 2019
Share of consolidated net profit attributable to shareholders of the parent company in € thousand	14,109	54,689	10,675	49,829	3,434	4,859
Number of common shares in circulation	72,753,334	72,753,334	70,048,834	70,048,834	2,704,500	2,704,500
	0.19	0.75	0.15	0.71	1.27	1.80

The diluted earnings per share are identical to basic earnings per share since there were no conversion or option rights in circulation during the reporting period.

6. Segment reporting

The segment report is presented as an annex to the condensed Notes to the Consolidated Financial Statements.

The Group's segment report is prepared in accordance with the provisions of IFRS 8 and requires reporting on the basis of the internal reports to the Executive Board for the purpose of controlling commercial activities. The segment performance indicator used is the internationally customary key figure EBIT (earnings before interest and taxes), which serves to measure the success in each segment and therefore aids internal control. For further information, please refer to the Consolidated Financial Statements as of 31 December 2019.

The accounting and valuation principles applied for internal reporting comply with the principles applied by the Group described in [Note 6](#) "Accounting and valuation principles" in the Notes to the Consolidated Financial Statements as of 31 December 2019.

The HHLA Group still operates in four business units: the Container, Intermodal, Logistics and Real Estate segments. "Holding/Other" still does not constitute its own segment under IFRS 8.

The reconciliation of the segment variable EBIT to consolidated earnings before taxes (EBT) incorporates transactions between the segments and the subgroups for which consolidation is mandatory, along with the proportion of companies accounted for using the equity method, net interest income and the other financial result.

Reconciliation of the segment EBIT with consolidated earnings before taxes (EBT)

in € thousand	1–6 2020	1–6 2019
Segment earnings (EBIT)	54,760	113,436
Elimination of business relations between the segments and subgroups	704	899
Group earnings (EBIT)	55,464	114,335
Earnings from associates accounted for using the equity method	692	2,426
Net interest income	- 18,303	- 17,971
Other financial result	- 100	0
Earnings before tax (EBT)	37,753	98,790

7. Equity

The development of the individual components of HHLA's equity for the period from 1 January to 30 June of the years 2020 and 2019 is presented in the Statement of Changes in Equity.

8. Pension provisions

Provisions for pensions include pension obligations and liabilities from working lifetime accounts.

The calculation of pension obligations as of 30 June 2020 was based on an interest rate of 0.50 % (31 December 2019: 0.70 %; 30 June 2019: 0.70 %). The calculation of pension obligations was also based on an interest rate of 0.70 % as stated in the HHLA capital plan as of 30 June 2020 (31 December 2019: 0.80 %; 30 June 2019: 0.90 %).

The actuarial assumption behind the remuneration trend changed from 3.00 % on 31 December 2019 to 2.00 % on 30 June 2020.

Actuarial gains/losses from provisions for pensions changed as follows. These are recognised in equity without effect on profit and loss.

Development of actuarial gains/losses from pension provisions

in € thousand	2020	2019
Cumulative actuarial gains (+)/losses (-) as of 1 January	- 114,479	- 68,783
Changes in the financial year due to a change in interest rates and experience-based adjustments	- 8,614	- 51,040
Cumulative actuarial gains (+)/losses (-) as of 30 June	- 123,093	- 119,823

9. Investments

As of 30 June 2020, total capital expenditure throughout the HHLA Group amounted to € 89.0 million (previous year: € 110.9 million).

The largest investments up to the end of the first half of 2020 were made in the Container and Intermodal segments and are primarily categorised as investments for expansion work.

As of 30 June 2020, the Container and Intermodal segments accounted for the bulk of investment commitments at € 86.9 million.

10. Financial instruments

The tables below show the carrying amounts and fair values of financial assets and financial liabilities, including their level in the fair value hierarchy.

Financial assets as of 30 June 2020

	Carrying amount				Fair Value			
	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Balance sheet value	Level 1	Level 2	Level 3	Total
in € thousand								
Financial assets measured at fair value								
Financial assets		0	7,064	7,064	7,064			7,064
	0	0	7,064	7,064				
Financial assets not measured at fair value								
Financial assets	11,618			11,618				
Trade receivables	149,182			149,182				
Receivables from related parties	98,945			98,945				
Cash, cash equivalents and short-term deposits	203,069			203,069				
	462,814	0	0	462,814				

Financial assets as of 31 December 2019

	Carrying amount				Fair Value			
	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Balance sheet value	Level 1	Level 2	Level 3	Total
in € thousand								
Financial assets measured at fair value								
Financial assets		1,132	6,040	7,172	7,172			7,172
	0	1,132	6,040	7,172				
Financial assets not measured at fair value								
Financial assets	12,584			12,584				
Trade receivables	168,127			168,127				
Receivables from related parties	98,805			98,805				
Cash, cash equivalents and short-term deposits	158,041			158,041				
	437,557	0	0	437,557				

Financial liabilities as of 30 June 2020

	Carrying amount			Fair Value			
	Amortised cost	Fair value through profit or loss	Balance sheet value	Level 1	Level 2	Level 3	Total
in € thousand							
Financial liabilities measured at fair value							
Financial liabilities		336	336	336			336
	0	336	336				
Financial liabilities not measured at fair value							
Financial liabilities	698,647		698,647				
Liabilities from bank loans	322,020		322,020		323,228		323,228
Liabilities from leases	272,376		272,376				
Settlement obligation, non-current	30,492		30,492		30,492		30,492
Settlement obligation, current	35,170		35,170				
Other financial liabilities	38,589		38,589		38,589		38,589
Trade liabilities	87,124		87,124				
Liabilities to related parties	516,299		516,299				
Liabilities from leases	494,157		494,157				
Other	22,142		22,142				
	1,302,070	0	1,302,070				

Financial liabilities as of 31 December 2019

in € thousand	Carrying amount			Fair Value			
	Amortised cost	Fair value through profit or loss	Balance sheet value	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value							
Financial liabilities		4,113	4,113			4,113	4,113
	0	4,113	4,113				
Financial liabilities not measured at fair value							
Financial liabilities	724,573		724,573				
Liabilities from bank loans	331,787		331,787		345,487		345,487
Liabilities from leases	282,783		282,783				
Settlement obligation, non-current	30,492		30,492		30,492		30,492
Settlement obligation, current	35,170		35,170				
Other financial liabilities	44,341		44,341		44,341		44,341
Trade liabilities	74,879		74,879				
Liabilities to related parties	522,594		522,594				
Liabilities from leases	509,928		509,928				
Other	12,666		12,666				
	1,322,046	0	1,322,046				

If there are no material differences between the carrying amounts and fair values of the financial instruments reported under non-current financial liabilities with details of fair value, they are recognised at their carrying amount. Otherwise, the fair value must be stated.

In the reporting period, changes in the value of financial liabilities at fair value through profit or loss amounting to € 336 thousand as of the reporting date (as of 31 December 2019: financial assets of € 1,132 thousand and financial liabilities of € 4,113 thousand) were recognised in the income statement.

The valuation methods and key unobservable input factors for calculating fair value are described in the Notes to the Consolidated Financial Statements as of 31 December 2019.

11. Transactions with respect to related parties

There are various contracts between the Free and Hanseatic City of Hamburg and/or the Hamburg Port Authority and companies in the HHLA Group for the lease of land and quay walls in the Port of Hamburg and in the Speicherstadt historical warehouse district. Moreover, the HHLA Group lets office space to other enterprises and public institutions affiliated with the Free and Hanseatic City of Hamburg. Further information about these business relationships can be found in the Consolidated Financial Statements as of 31 December 2019.

As of 30 June 2020, both the amounts reported for receivables from related parties and liabilities to related parties remained largely the same as those recorded as of 31 December 2019.

12. Events after the balance sheet date

With the partnership agreement of 1 July 2020, HHLA AG set up the company modility GmbH, Hamburg, and acquired all shares in this company. The object of the company is the development and provision of IT-based services in the fields of transport and logistics, specifically the development and operation of an online portal for providing information and making arrangements and bookings in the area of intermodal transport chains and combined transport. Its inclusion in the HHLA group of consolidated companies is scheduled to take place on 30 September 2020 as a fully consolidated subsidiary.

In a special meeting on 2 July 2020, the Supervisory Board of HHLA AG agreed to submit to the Annual General Meeting on 20 August 2020 an adjusted proposal for the appropriation of the balance sheet profit for the financial year 2019 in the form of an offer of an election dividend.

There were no other significant events after the balance sheet date of 30 June 2020.

Hamburg, 7 August 2020

Hamburger Hafen und Logistik Aktiengesellschaft

The Executive Board



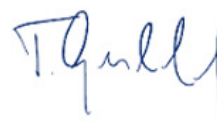
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