CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2020
OF

AVES ONE AG

INDEX

Dear Shareholders,
Dear Clients and Business Partners,

The recent months were trailblazing for Aves One AG and its shareholders. We realised on schedule our plan to concentrate on the rail business. As a holder of durable rail assets with a modern and profitable freight wagon portfolio, we have positioned ourselves well in a sustainable market of the future.

SYSTEMATIC FOCUS ON THE RAIL BUSINESS

In March 2021, we disposed of our entire sea container portfolio. This was the final step to concentrate on sustainable rail freight transport. This strategic decision was based, among other things, on the fact that, in the past financial years, the rail segment's results were significantly better than those of the container segment. We will reinvest the funds from the disposal of the sea container operations in the expansion of the rail portfolio. Aves One AG's core competence can be found in this business segment.

With the completion of the disposal of the container portfolio, there was a change in the Management Board. Jürgen Bauer left the Managemnet Board on 31 March 2021. We would like to express our sincere thanks to Jürgen Bauer for the successful and loyal relationship. We will continue to drive the successful development of Aves One.

FINANCIAL PERFORMANCE CORROBORATES STRATEGIC DECISION

Our financial performance for 2020 proves that we have a stable and strong foundation for growth. Group sales increased to EUR 123.9 million (prior year: EUR 116.8 million). Earnings before interest, taxes, depreciation and amortisation (EBITDA) remained high at EUR 81.8 million (prior year: EUR 84.5 million). We have thus continued Aves One AG's positive development in a tough market. The main driver was the rail business. This division contributed EUR 83.9 million (prior year: EUR 76.1 million) to sales and EUR 61.6 million (prior year: EUR 54.8 million) to EBITDA. Compared to the prior year, Aves One experienced a slight decline in the utilisation of its rail portfolio, due to the effects of the COVID-19 pandemic. However, with a utilisation of approximately 90 %, the rental level remains stable and high.

Overall, the rail business compensated for the declining performance of the container segment. In the container division, rental price reductions agreed in the course of contract extensions, currency effects and a slight reduction in the utilisation rate led to declining revenue and EBITDA contributions. Exceptional write-downs on the sea container portfolio of EUR 33.1 million had a negative impact on the result. As a result of this one-off effect, the operating result (EBIT) fell significantly to EUR 9.6 million (prior year: EUR 51.7 million). EBT adjusted for the exchange rate effects reported in the financial result decreased to EUR -36.3 million (prior year: EUR 11.1 million).

Our financial performance nevertheless corroborates the decision to dispose of the container portfolio and to invest in the continued expansion of our rail portfolio. Despite the delays in the delivery of new freight wagons caused by the COVID-19 pandemic, Aves One was able to invest EUR 90.8 million and thus expand its rail asset volume by 13.4 % to over EUR 738.8 million. The investments in the rail segment show that we are continuing to grow strongly, especially in the area of new-build wagons, and are maintaining our growth rate at a high level. As a result, our rail stock has expanded to more than 11,000 wagons as of 31 December 2020 (prior year: more than 10,200 wagons). However, our freight wagon portfolio has not only become larger, but also quieter. We have equipped our fleet with so-called whisper brakes. These lead to a noise reduction that the human ear perceives as a 50 % reduction in brake noise.

GOOD PROSPECTS FOR SUSTAINABLE RAIL BUSINESS

We are confident about the future. We currently consider that the economic impact of the ongoing global COVID-19 pandemic on our business operations will be relatively low compared to other sectors. On the contrary, the strengths of rail as a safe and reliable means of transport became clear not least during the COVID-19 pandemic. Rail freight transport proved to be of systemic relevance, especially in cross-border traffic, as a single goods train can transport the freight of 52 trucks. At the same time, every tonne transferred to the railway saves 80 % CO_2 compared to truck transport. This CO_2 savings potential will also contribute to a future boom in the European market for rail assets. By 2030, the European Union plans to increase rail freight transport by 50 %, primarily in order to meet the EU climate targets for climate neutrality in 2050. National, European governments have set similarly ambitious targets for shifting traffic from road to rail and have launched support packages worth billions of euros. This political tailwind serves as a driver for us and proves that Aves One is not only in a profitable business segment, but also in an attractive one because of its excellent future prospects. We are responding to this market with our very young and optimally diversified freight wagon portfolio.

With regard to new investments, we have a well-filled pipeline, but we cannot yet gauge whether there will be delays due to the COVID-19 pandemic. Nevertheless, we have already acquired freight wagons with a volume of more than EUR 11.4 million in 2021. We want to continuously expand our asset portfolio in order to further consolidate our position in the promising rail logistic market. In order to meet the increasing demand and to be able to pursue our growth trajectory, we are continuing to examine various possibilities of raising finance on the capital markets or other financing. In so doing, we take both equity and / or debt capital options along with other investments into consideration.

AVES ONE WELL POSITIONED FOR THE FUTURE

The impact of the COVID-19 pandemic on the overall economic development and supply and production chains remains difficult to predict. With a first-class rail portfolio, high utilisation rates and following the disposal of our sea containers, Aves One is optimally prepared to meet these challenges. For the 2021 financial year, we are expecting a continuous expansion of the rail business. We are planning a sales volume of more than EUR 100 million for the continuing business divisions of rail and swap bodies - of which more than EUR 92 million is to come from the rail division (prior year rail: approximately EUR 84 million). The Management Board forecasts a total EBITDA of more than EUR 70 million. By concentrating on the rail business, we expect cost savings of more than EUR 1.5 million p.a. for 2021, as a year of transition, and thereafter, which will contribute to the increasing profitability of the Aves Group.

Without the great dedication and flexibility of our staff, especially considering the additional challenges of the COVID-19 pandemic, we would not have the positive outlook nor have reached the strategic milestone of the sale of our container portfolio. Our thanks and appreciation go to them. Furthermore, we would like to thank our business partners for the successful relationship and our shareholders for their continued trust.

Yours sincerely

Tobias Aulich
Management Board

Sven Meißner
Management Board

REPORT OF THE SUPERVISORY BOARD

Dear Shareholders,

The Aves One Group continued to grow in the 2020 financial year despite the difficult economic conditions resulting from the COVID-19 pandemic and its containment measures. The forecasted operating targets were achieved in terms of sales, but were not quite reached in terms of earnings before interest, taxes, depreciation and amortization (EBITDA) as losses from the sale of less profitable sea containers in particular had a negative impacht on EBITDA. In the course of the year, further successes were achieved in letting the rail and container portfolio. The portfolio continues to be utilised at a high level and has been further rejuvenated with targeted acquisitions in the rail and swap body area. The dynamic growth course, especially in the Rail segment, was consistently continued by the acquisition of new wagons and a used portfolio with an age of one year. With these investments as well as deliveries fixed for 2021, the portfolio will be further sustainably expanded and the growth rate maintained at a high level. The transactions will result in significant sales and earnings potential for the future.

THE SUPERVISORY BOARD‘S WORK

Against the background of the further expansion of the operating business, the Management Board and Supervisory Board had very close and regular exchange of information in the year under review. This is also reflected in the number of joint meetings and, due to the COVID-19 pandemic, video conferences. The Management Board provided the Supervisory Board with timely and comprehensive oral and written reports, also outside of these meetings, on current business developments, corporate planning, the liquidity situation and corporate strategy, and discussed with it the financing required for the asset purchases and the issuance of bonds. In this way, the Supervisory Board was involved in all transactions requiring its approval and passed the corresponding resolutions. In the year under review, the Supervisory Board therefore again conscientiously and diligently performed all the tasks incumbent upon it under the law, the Articles of Association and the Rules of Procedure, monitoring the management of the Executive Board and regularly advising it on the management of the company. The Supervisory Board continues to consist of four members, but has refrained from forming committees. Mr. Kretzenbacher, in his capacity as auditor and tax advisor, also makes additional recommendations for the Supervisory Board after his own detailed examination of the consolidated and annual financial statements and the internal control processes.

MEETINGS AND RESOLUTIONS OF THE SUPERVISORY BOARD

Against the background of the continued strong growth of the Aves Group in the year under review, the work of the Supervisory Board was intensive and characterised by a large number of meetings or video conferences and resolutions. In the 2020 financial year, the Supervisory Board of Aves One AG held a total of one ordinary Supervisory Board meeting, in particular against the background of the COVID-19 pandemic, and 7 resolutions were also passed. The meetings and resolutions by telephone took place on the days 24 February, 4 March, 23 April, 30 April and 8 June, 29 June as well as 30 November 2020. Most of the meetings and resolutions were attended by all members of the Supervisory Board and, in most cases, by members of the Management Board. On the two dates in April 2020, two representatives of the auditors were present via video conference. Thus, the resolution on April 23, 2020 served as a preliminary discussion of the annual financial statements for 2019 and the consolidated financial statements for 2019. The annual financial statements for 2019 were approved at the Supervisory Board meeting on April 30, 2020 and the consolidated financial statements at the Supervisory Board meeting on April 30, 2020. On June 29, 2020, the declaration of compliance of the Management Board and Supervisory Board with the recommendations of the "Government Commission on the German Corporate Governance Code" pursuant to Section 161 of the German Stock Corporation Act (AktG) was approved, which has been made permanently accessible at the Internet at https://www.avesone.com/de/aves_investoren_cg_erklaerung_unternehmensfuehrung.php.

FOCUS ON SUPERVISORY BOARD CONSULTATIONS

In addition to the report of the Management Board on the business situation and development of Aves One AG and its subsidiaries, the Supervisory Board dealt with corporate planning and strategy at its meetings and in the context of the resolutions adopted. In addition, risk management was dealt with in addition to the expansion and financing of the Aves Group's operating business. In this context, the Supervisory Board was involved in all transactions requiring its approval with regard to the acquisition of new swap bodies and freight and tank wagons and approved any purchase contracts, loan agreements, framework agreements and other agreements of the individual Group companies required for this purpose.

ASSIGNMENT OF THE AUDITING MANDATE TO THE AUDITING COMPANY PRICEWATERHOUSECOOPERS GMBH, HAMBURG

The Supervisory Board issued the audit engagement for the 2020 financial year and for any interim financial report reviews for the 2020 and 2021 financial years to PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Hamburg ("PwC"), the auditors elected at the Annual General Meeting on 23 July 2020. The engagement was granted in accordance with the provisions of the Corporate Governance Code with regard to the cooperation between the Supervisory Board and the auditors and also includes the audit of the risk early warning system.

AUDIT OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, has duly audited the annual financial statements and management report prepared by the Management Board in accordance with the provisions of the German Commercial Code (HGB) and the consolidated financial statements and group management report prepared by the Management Board in accordance with International Financial Reporting Standards (IFRS), and issued an unqualified audit opinion in each case.

The aforementioned documents and the auditor's reports were made available to all members of the Supervisory Board in good time for the annual general meeting of shareholders held on April 30, 2021 to all members of the Supervisory Board. On April 23, 2021, the auditor presented the status of the audit and provided supplementary information and answered questions. Following its own examination of the documents, the Supervisory Board concurred with the auditor and approved the financial statements prepared by the Management Board. The annual and consolidated financial statements 2020 of Aves One AG are thus adopted.

CHANGES IN THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD

There were no personnel changes on the company's Management Board in the reporting period: On June 29, 2020, the Supervisory Board of Aves One AG prematurely reappointed Mr. Sven Meißner to the Company’s Management Board for a period until 30 June 2023. At the Supervisory Board meeting on 19 January 2021, the therm of Mr. Meißner’s appointment to the Company’s Management Board was extended once again until 31 January 2024. On March 16, 2021, the Supervisory Board approved Mr. Bauer’s resignation as of 31 March 2021. The Management Board has thus been composed of Tobias Aulich and Sven Meißner since 1 April 2021. There were no changes in the composition of the Supervisory Board in the reporting year. We would like to take this opportunity to thank all employees of the Group companies and the Management Board for their performance in the year under review and their dedicated contribution to the successful growth of the Aves Group.

Hamburg, 30. April 2021
The Supervisory Board
Ralf Wohltmann
(Chairman)

MASTER DATA OF THE AVES ONE AG

Number of shares	13,015,053	
Share capital	EUR 13,015,053.00	
WKN	A16811	
ISIN	DE000A168114	
Share class	no-par value bearer shares	
Market segment	Regulated Market	
Transparency level	Prime Standard	
Stock Exchanges	Frankfurt on the regulated market (Prime standard)	
	Hamburg on the regulated market	
	Hannover on the regulated market	
Stock exchange abbreviation	AVES	
Ticker symbol Reuters	AVES.DE	
Ticker symbol Bloomberg	AVES:GR	
Selected indices	MSCI GLOBAL MICRO CAP GERMANY	
Financial year end	31. Dezember	
Financial reporting	IFRS	
Paying agent	Bankhaus Gebr. Martin AG	
Designated Sponsor	Hauck & Aufhäuser Privatbankiers KGaA	
Management board	Tobias Aulich	
	Sven Meißner	
Supervisory board	Ralf Wohltmann (Chairman)	
	Emmerich G. Kretzenbacher	
	Rainer Baumgarten	
	Britta Horney	
Shareholder structure	SUPERIOR Beteiligungen GmbH / RSI Societas GmbH	29.56% *
	Versorgungswerk der Zahnärztekammer Berlin K.d.ö.R.	20.66%
	Universal-Investment-Gesellschaft mbH (VZN)	15.03%
	Freefloat	34.75% **

* Voting rights are mutually attributed
** other shareholders
As of: 7 April 2021

GROUP MANAGEMENT RE-PORT 2020

1 BASIC PRINCIPLES

1.1 BUSINESS MODEL

1.1.1 OVERVIEW

The Aves One Group (hereinafter "Aves Group"; "Aves One AG" also individually as "Aves" or "Company") is a asset of durable logistics assets with a focus on freight wagons. Swap bodies and containers are also part of the portfolio. Aves One AG is an established participant in the European rail freight market. As the portfolio holder and owner of the logistics assets, Aves take over the management and control of the asset managers, the weighting of the business and the portfolio management. The company plans to further sustainably increase the asset volume by the end of 2021. The strategy is geared towards continous optimisation and expansion of the rail portfolio. The Company has no significant business division of its own, instead it acts as a holding company and provides administrative activities for its subsidiary companies. Aves One AG, headquartered in Hamburg, is listed on the Regulated Market (Prime Standard) of the Frankfurt Stock Exchange (ISIN: DE000A168114; WKN: A16811).

1.1.2 CORPORATE STRUCTURE

In addition to Aves One AG, a total of 54 companies belong to the Aves Group. As at 31 December 2020, the Group had 52 fully consolidated companies in addition to Aves One AG and of these, 49 are in Germany and 3 abroad. In addition, Aves holds shares in two companies that are consolidated using the at-equity method.

In the year under review various mergers and acquisitions were carried out as part of the reduction of the complexity of the corporate structure in the container division.

The subsidiary Aves Asset Holding GmbH, Hamburg, (previously: BSI Logistics GmbH, Hamburg), also acts as a holding company in providing administrative activities for Aves One AG and its subsidiaries.

1.1.3 THE BUSINESS MODEL

The Aves Group invests in durable assets with stable cash flows. Business activity focuses on holding portfolios of logistics assets and their active management. As at the balance sheet date, 31 December 2020, the managed asset portfolio amounted to a total of approximately EUR 934 million. The Rail division is the company's core business area and will continue to be the focus of further growth. Other key areas of the Group's activities as at the balance sheet date are sea containers and swap bodies.

Against the background of a lack of growth opportunities, no relevant investments were made in the sea container segment in the previous year. With the asset purchase agreement of 18 March 2021, almost all sea containers were sold to the investment company OHA KY Investment 1, L.P., George Town, Cayman Islands (hereinafter "OHA"). The associated direct financial liabilities, which were taken out to finance the sea containers, will be repaid in full in the 2021 financial year. We refer to the notes for further details. The sea container segment will thus be discontinued after the transaction is completed, which will take place in the coming months of the 2021 financial year. With this step, the company will finally complete its focus on the sustainable core business of rail. Thus, after this sale, only swap bodies remain in the container segment.

The very good access to the markets as well as extensive knowledge on the subject of financing by the management and an excellent network of partners from both areas are the foundation for the continuous development and expansion of the business activities.

Within the mobile logistics assets sector, it remains apparent that logistics businesses prefer to lease part of the assets they need instead of buying these themselves. In this respect, leasing solutions are no longer used only to cover peak loads.

The Aves Group's three-pillar model:

This model represents Aves' ability to acquire, finance and optimally manage assets. This combination enables an immediate, efficient, cost-oriented response to opportunities.

1. Access to logistics assets

Through extensive contacts in the sector, the Company has access to the various logistics assets (especially freight and tank wagons and swap bodies) and acquires large tranches of assets, up to now mainly from investment companies and asset managers. Further direct use can be made of the partnerships obtained in this way for a sustainable business model.

2. Strong partners

Operational management of the assets is performed by the mandated asset managers. The major advantages are that

- contracts between asset managers and specific customers have existed for many years,
- considerable know-how in managing and optimising the leasing of the assets can be demonstrated,
- as a result of which it is possible to guarantee optimum capacity utilisation and maintenance of the assets.

3. Flexible Financing

The financial market is subject to constant change. Therefore, the ability to respond as flexibly as possible to new market circumstances has great importance. The company has access to a broad range of debt financing options and financing partners and is always open to new and innovative debt financing opportunities. External financing of assets currently takes place mainly via four different variants:

- Bank financing arrangements,
- Bearer bonds,
- Institutional investors,
- Direct investments.

The currently still relatively low level of market interest rates provides a solid financing basis for investments in durable assets with good growth opportunities. Furthermore, direct investments and, in some cases, the financing of institutional investors have been and are being largely replaced by long-term bank loans and bearer bonds.

1.1.4 BUSINESS UNITS

The Aves Group's main activities can be combined into two business units:

- Rail,
- Container

Rail:

The Rail business unit has specialised in holding portfolios of freight and tank wagons with a useful life of up to 45 years. Today's market already has a great tendency towards consolidation and a transfer of activities to leasing companies or active asset owners. Aves was able to expand its fleet to 11,024 freight wagons with a book value of approximately EUR 738.8 million (PY EUR 651.7 million) as at 31 December 2020 and has one of the industry's youngest and most modern fleets in the market. The Aves Group's lessees are primarily state-owned-rail companies, but also private rail companies, large industrial and logistics companies as well as chemical companies.

Active management by reputable rail managers:

The freight wagons are managed by ERR European Rail Rent GmbH, Duisburg ("ERR Duisburg"), as well as Wascosa AG, Lucerne, Switzerland (hereafter "Wascosa"), which has many years of extensive expertise in leasing and managing freight and tank wagons as well as with newly built freight wagons and their rebuilding. However, Aves is not tied to a single manager, and will also examine collaboration with other established asset managers when other portfolios are acquired.

When financing the Rail unit, the Aves Group has concentrated up to now on classical bank financing (for medium to long-term maturities) and on financing by institutional investors but reserves the right to examine alternative types of financing in parallel. In the year under review, as in the previous year, bearer bonds were succesfully issued to finance further growth, some of them listed on the stock exchange. The issue of bonds is also planned or already implemented for the 2021 financial year.

Containers:

The Company concentrates its activities in the Container business unit primarily on the three commonest types of sea containers (20-foot, 40-foot standard and 40-foot high-cube containers) with an economically useful lifetime of around 15 years. As of the reference date of 31 December 2020, the Container unit comprised a fleet of around 108,000 containers, equivalent to approximately 146,000 CEUs (= Cost Equivalent Units; a unit used when assessing the value of different container variants) ((balance sheet value EUR 147.0 million (PY EUR 222.9 million)). This business area also includes swap bodies, which have an average useful life of at least up to 12 years. Further investments were made in swap bodies in 2020, as a result of which the portfolio amounted to 8,998 units as at 31 December 2020 and the book value of around EUR 48.1 million (PY EUR 48.0 million) was maintained at the pevious year’s level.

Active management by reputable asset managers:

The asset managers engaged by the Aves Group operate the containers under their own name but for the Aves Group’s account, and they lease the containers to shipping companies such as Hapag Lloyd, Maersk, Evergreen and others. The asset managers mandated by Aves, namely Florens, Hong Kong/China, CAI International, San Francisco/USA, UES International, Hong Kong/China, and Textainer, San Francisco/USA, as well as Axis, Cologne, are among the market’s leading players. Containers are leased either with a short contract term (typically one to three years or without a specific term of lease = master lease), or a long-term (typically more than three years = long-term lease). The Aves Group monitors the asset managers’ activities to achieve better results by working together.

Financing:

As of balance sheet date, the financing of containers is mainly provided by banks, institutional investors, family offices, bonds and direct investments. In this regard and depending on the investor, containers are operated in property companies that are part of the Aves Group. In addition, financing is provided partly via the financing partner BoxDirect as well as Container Invest GmbH (hereinafter “Container Invest”), Oststeinbek, by way of direct investments. Investors acquire containers from BoxDirect or Container Invest, which in turn obtains the containers from Aves subsidiary companies. Simultaneously, the investor leases the containers back to BoxDirect or Container Invest and by BoxDirect or Container Invest in turn back to the Aves subsidiary company. Aves subsidiary companies undertake to re-acquire the containers on a specified date, whereby the rental rates, term of lease and repurchase value are contractually defined beforehand. In addition, bearer bonds were placed in the 2020 financial year, which were also used, among other things, to finance the acquisition of swap bodies or for repayment of direct investments.

1.1.5 CORPORATE BODIES AND EMPLOYEES

During the financial year, the Management Board consisted of Tobias Aulich, Jürgen Bauer and Sven Meißner.

On June 29, 2020, the Supervisory Board of Aves One AG prematurely reappointed Mr. Sven Meißner to the company’s Management Board for a period until 30 June 2023.

At the Supervisory Board meeting on 19 January 2021, the term of Mr. Meißner's appointment to the company's Management Board was extended once again until 31 January 2024.

On 16 March 2021, the Supervisory Board approved Mr. Bauer's resignation as of 31 March 2021.

The Management Board has thus been composed of Tobias Aulich and Sven Meißner since 1 April 2021.

The Aves Group employed 42 (previous year 45) staff on the balance sheet reference date of 31 December 2020. In addition to the Management Board, Managing Directors and full-time employees, this also includes part-time employees. Despite the continued growth, the number of employees remains almost at the same level as in the previous year.

1.2 OBJECTIVES AND STRATEGIES

The Aves Group is a asset owner of long-life logistics assets with stable cash flows focused on rail. Containers and swap bodies are also part of the portfolio as of balance sheet date. The company plans to further significantly increase the asset volume, especially in the core segment rail, by the end of 2021. The strategy is geared towards continuous optimisation of the Company's own portfolio and the further expansion of the logistics portfolio.

As part of our growth strategy, we have built a broadly diversified end customer base with leading state-owned railways, shipping companies, industrial and logistics companies, which will be continuously expanded in line with market changes and related growth opportunities.

In addition to growth by acquisitions and organic growth, the Management Board aims to optimise the refinancing structures and to increase profitability.

1.3 CONTROL SYSTEM

The controlling of Aves One AG is based on the planning, which is coordinated and agreed between the Management Board and the Supervisory Board, which extends over a time-horizon of three business years and is re-established before the start of each business year. This ensures that the planning is continually adapted to changed framework circumstances and emerging opportunities.

For the ongoing assessment of various risks, Aves One AG uses a risk management system in which various types of risk are classified according to their probability of occurrence and impact on the Company and its subsidiaries. Identified risks are also re-evaluated when framework conditions change. The risk management system is subject to permanent ongoing development and enlargement. A multi-stage, intensive examination process has been defined and implemented for potential transactions.

Regular comparison of the actual course of business against the Group’s targets enhances transparency and ensures prompt application of counter-measures when possible negative variances from corporate planning are identified. Central operational and financial reference figures are monitored in this process: The primary indicators used to measure financial success are sales revenues and earnings before interest, taxes, depreciation and amortization (EBITDA). The following key indicators are used to support this measurement: revenues per day, occupancy rate or occupancy ratios (lease days / calendar days of the month), rental price developments, cash on cash (gross profit/(acquisition cost + incidental acquisition costs)) and earnings before taxes (adjusted EBT) adjusted for the currency effects reported in the financial result. In this respect, attention is paid to capacity utilisation rate, since these directly affect the development of turnover. To monitor the liquidity level adequacy of the companies, bank balances are checked on a daily basis and a rolling weekly liquidity forecast is prepared.

2 ECONOMIC REPORT

2.1 OVERALL ECOMOMIC SITUATION

Global economic growth in 2020 was significantly affected by the outbreak of the COVID-19 pandemic and the associated containment and lockdown measures. This led to a significant slowdown in the global economy in 2020. Due to the global pandemic situation, most economic indicators such as global trade, production and investment declined drastically, especially in the first half of 2020.

To counteract the economic consequences of the COVID-19 pandemic, more than 190 countries as well as national and supranational central banks have taken fiscal and monetary measures. The USA alone passed economic stimulus packages totalling US dollar 2.4 trillion US by March 2021, Europe announced a "NextGenerationEU" reconstruction programme to cushion the corona-related damage to the economy and society and is providing a total of EUR 750 billion for this purpose. In Germany, an economic stimulus package of EUR 130 billion was approved.

According to estimates by the International Monetary Fund (hereinafter "IMF") in April 2021, a decline in economic growth of 3.3 % resulted in 2020 after the global economy had still grown by 2.8 % in the previous year. The decline in global economic growth was thus not as strong as in the IMF's estimates in October 2020, which still assumed a decline of 4.4 %. According to the IMF analysts, the decisive factor here was an improvement in economic activity in the second half of the year, which developed more strongly than initially assumed. According to the IMF, growth in the industrialised nations was -4.7 % in 2020 (previous year: 1.6 %). According to the IMF analysts, the gross domestic product for the emerging and developing countries was -2.2 %, after growth of 3.6 % was recorded in the previous year.

For Europe, after growth of 1.3 % in 2019, the economy declined to 6.6 %. In Germany, economic output declined by 4.9 % in 2020 after growth of 0.6 % in the previous year. While China, the world's second-largest economy, grew by 2.3% (previous year: 6.0 %), the IMF experts calculated a gross domestic product of -3.5% (previous year: 2.2 %) for the USA.

2.2 INDUSTRY SECTOR SITUATION

Trends in the sectors of the business units in which the Aves Group is active will be discussed in the following sections.

Rail

The European Commission aims to transfer 30 % of road freight transport over 300 km by 2030 and 50 % by 2050 to other modes such as rail or shipping. This is to be accompanied by the realisation of climate protection goals, such as the reduction of CO_2 emissions, and thus the use and expansion of the environmental advantages of the rail mode of transport compared to road transport. With the Green Deal introduced by the EU in 2019, the original climate targets have been extended once again. Against this background, the Federal Government decided in its coalition agreement and its "Master Plan Rail Freight" to permanently strengthen and expand rail freight transport and at the same time achieve the climate protection targets in the transport sector. In addition, it has set the ambitious goal of doubling rail transport by 2030 and thus significantly expanding rail freight transport in Germany.

According to the performance and financing agreement signed by the federal government and the railways at the beginning of 2020, a total of EUR 86 billion is to be invested in the rail infrastructure by 2030. This means that an average of EUR 8.6 billion per year will be invested in maintaining and modernising the rail network. In the course of the COVID 19 economic stimulus package, further support measures have been taken. Relevant investments in rail freight infrastructure are also planned in France, Austria, Poland and Switzerland, among others. This shows the importance of rail freight transport in Germany and Europe.

In the USA, leasing companies dominate approximately 65 % of the freight wagon market. Pursuant to SCI Verkehr GmbH, Cologne (hereinafter "SCI"), the share of leasing companies in Europe will increase from 36 % in 2018 to 45 % by 2025, thus increasing the freight wagon fleet of leasing companies by 2.2 - 2.5 %

annually. Replacement investments are and will continue to be market drivers in the freight wagon sector, as high replacement investments will be required over the next few years due to the high average age of the wagon fleet in Europe. According to information from operators and manufacturers, fewer wagons are still produced than replacement investments would be needed, so the average age of fleets continues to increase. With regard to replacement investments, however, it is not only about more modern freight wagons, but also about those that can transport larger volumes and enable more efficient transport overall. Thus, although the total fleet of freight wagons is becoming somewhat smaller over time, the tonne-kilometres transported are nevertheless continuously increasing. The market for the production of new freight wagons in Europe is relatively small compared to the fleet size and does not meet market needs in years of high demand. At the same time, old wagons are being scrapped.

The long-term trend clearly shows an increase in the total volume of freight traffic and benefits from general growth trends. The market share of rail freight transport in the total transport performance in Europe is currently around 18 %. As in previous years, it could be seen that the average transport distance by rail continues to increase. This is a sign of the increase in efficiency of rail transport.

The Management Board expects in the future there will be a stronger development towards the leasing of wagons among the large rail transport companies. There is an observable tendency for rail transport companies to be increasingly forced into concluding shorter-term transport contracts with their end customers as a consequence of the deregulated rail market, therefore they no longer want to make long-term investments in freight and tank wagons. The most important users of Aves' wagons are traditionally rail transport companies, rail forwarding agencies and, industrial customers and shipping agents.

Aves is confident that rail will have a significant role in future European freight traffic. Growth impetus is also expected from the reduction in rail freight traffic prices. The Management Board is convinced that the urgent need on the part of traditional rail transport companies for renewal of the freight wagon fleet associated with the investment backlog, together with the new European requirement relating to freight wagon safety and maintenance, will lead to a considerable increase in the demand for modern freight wagons in the next few years. The Management Board takes the general view that transport policy measures at an EU and regional level will have a long-term positive effect on the framework conditions for freight transport by rail and will also make rail more competitive compared to freight traffic by road. Moreover, the lockdown caused by the COVID-19 pandemic has shown how important rail freight transport is for the economic cycle.

Containers

The global trade volume, which is important for the demand for container transport services, fell by 8.5 % in 2020, mainly against the background of the COVID-19 pandemic. Double-digit declines in container transport services in the second quarter of 2020 were mitigated by catch-up effects in the summer months and even more significantly from the third quarter onwards. Harrison Consulting sums up that strong demand for containers in the second half of the year was due, among other things, to retailers, particularly in the USA, having to restock their inventories. In addition, there was a surge in demand as consumers in developed countries shifted from spending on services to goods.

The container handling index of the RWI - Leibniz Institute for Economic Research and the Institute of Shipping Economics and Logistics (ISL) rose slightly in January 2021 to a value of 120.8, after it had been 119.1 in December 2020. This was due in particular to the significant expansion of handling in Chinese ports, whereas container handling in the other ports rose only moderately. The North Range Index, which gives an indication of the economic development in the northern euro area and in Germany, also expanded more strongly than the overall index in January 2021, from (revised) 114.8 to 117.9. There are thus indications that world trade could return to the growth path it was on before the Corona crisis.

According to the industry service Seabury, the global cargo volume in 2020 was around 148 million TEU, a decline of 3.1 % compared to the previous year.

The total capacity of the world container vessel fleet rose by 2.6 % year-on-year to around 23.6 million TEU and is expected to grow by 4.5 % in the year 2021. (Drewry Container Forecaster Q4, December 2020).

In its Container Equipment Forecaster Q4/2020, Drewry states that approximately 3.1 million TEU (previous year: 2.8 million TEU) of containers will have been produced in 2020 and expects production to increase in the coming years due to increased replacement demand. In addition, Drewry forecasts that leasing companies will increase their share of the global container fleet from 52.0 % in 2020 to 54.0 % in 2024. Prices for used 20-foot standard containers averaged USD 1,350 in 2020, up from USD 1,100 in the previous year, according to Drewry.

In the area of swap bodies, logistics companies from the so-called courier, express and parcel market (CEP market) are among the main tenants. One of the main growth drivers continues to be the increasing online trade in the B2C segment (business-to-consumer), but there has also been an increase for international shipments, which will continue and increase in the future. In 2019, a new record was achieved in the CEP market with 3.7 billion shipments. According to estimates by the Federal Association of Parcel and Express Logistics e.V., further growth in the volume of shipments is expected in the next few years up to 2023 by a total of 3.6 % to 4.2 % per year to 4.4 billion shipments. The importance of international CEP shipments will continue to grow here and continue in the medium term. Furthermore, logistics companies continue to focus on their core business or, for balance sheet reasons, have no choice or interest in procuring these mobile assets.

2.3 COURSE OF BUSINESS

In the reporting year, the focus remained primarily on continuing the growth course, especially in the Rail division, increasing sales, further optimizing the financing structure and ensuring sufficient liquidity at all times, even under the general conditions caused by the COVID-19 pandemic. In addition to investing in logistics assets, a slight reduction in capacity utilisation was recorded for the core rail segment on the one hand, which is still at a stable high level, but on the other hand an increase in rental rates was achieved compared to the prior year. Capacity utilisation in the sea container area and swap body area also declined slightly, but is also at a comparatively high level. While rental rates in the sea container area also fell slightly, rental rates in the swap body area were maintained at the sam level.

The assets of Aves held in its own portfolio amounted to a total volume of around EUR 936 million on the balance sheet date 31 December 2020. The following significant transactions occurred in 2020:

Economic transactions within the group

With contract of 23 January 2020, the self storage park in Münster was sold, thus successfully completing the discontinuation of the real estate division.

In the first six months of the 2020 business year, the Aves Group further expanded its rail portfolio with investments of around EUR 65.3 million. This involved the acquisition of 669 almost fully rented freight wagons, the majority of which were only delivered after the outbreak of the COVID-19 pandemic. This includes intermodal wagons with a transaction volume of EUR 14.5 million. The intermodal wagons of the type "T3000", which are especially suitable for the transport of megatrailers, are only one year old, fully rented and managed by Wascosa. As part of this transaction, Aves entered into an existing financing arrangement with UniCredit Leasing, Vienna, Austria.

In addition, the swap body portfolio was also strengthened. In the first half of 2020, more than 200 swap bodies with a total volume of EUR 2.1 million were delivered on long-term leases.

In August 2020, the Aves Group acquired 500 brand-new swap bodies with a volume of around EUR 4.6 million. The delivery of these long-term leased assets took place by the end of 2020.

The listed bond of Aves One AG "Aves One 06/2020-05/2025" with a previous issue volume of EUR 30 million was increased by up to EUR 30 million to up to EUR 60.0 million due to high demand and thus contributes to the further diversification and optimisation of the overall financing structure.

Despite delays in the delivery of new freight wagons in 2020, which was affected by COVID-19, Aves was able to invest a total of EUR 90.8 million in rail assets.

In December 2020, Aves announced that 95 % of the rail fleet has already been equipped with the so-called whisper brakes, which lead to a reduction in noise emissions, and thus all freight wagons running on the German rail network have been converted.

2.4 CHANGES TO THE CONSOLIDATED COMPANIES

The consolidated financial statements of Aves One AG include a total of 49 domestic and 3 foreign subsidiaries as well as two at-equity investments.

Compared to 31 December 2019, no new companies have been included in the scope of consolidation.

With the agreement of 23 January 2020, the self-storage park in Münster was sold, as a result of which Aves no longer holds any real estate assets. Along with this, the shareholding in Aves Storage Verwaltungs GmbH, Hamburg, was also transferred. The company has thus been removed from the scope of consolidation.

In addition, Aves Rail Equipment I GmbH & Co. KG, Hamburg, was dissolved following the transfer of its assets to Aves Rail Rent GmbH, Perchtoldsdorf.

2.5 REVENUE SITUATION

Increase of the Group turnover

Aves-Group was able to increase its sales to EURK 123,850 in the reporting period (PY EURK 116,778). The sales contain EURK 3,394 proceeds from the sale of the last real estate acitivity. The growth in sales, adjusted for the proceeds from the sale of the property, results primarily from the strong investment activity of the previous year and the related sales effects for the entire reporting period as well as the investments made in the course of the financial year. EURK 83,904 (PY EURK 76,127) of the revenues related to te rail segment and EURK 37,049 (PY EURK 39,455) to the container segment. Compared to the prior year, the rail segment showed a slight decline in capacity utilisation due to the COVID-19 pandemic, although it is still at a stable, high level. On the other hand, average rental rates increased slightly compared to the previous year, but this was not enough to compensate for the decline in capacity utilisation. While revenue in the swap body area increased, the sea container area recorded a significant decline in rental revenue, which was mainly due to a reduced number of sea containers. In addition, rental extensions, which could only be concluded at poorer conditions against the background of the COVID 19 pandemic and the market power of the shipping companies, as well as currency effects contributed to a decline in revenue in the sea container area.

There was a segmentation by sales. However, this was not possible by region, as the containers are leased worldwide and the wagons predominantly in the DACH (Germany, Austria, Switzerland) region.

The changes in inventories of EURK 3,063 (PY EURK 0) results from the sale of the logistic property, which was sold with no effect on profit or loss.

Other operating income of EURK 1,491 was below the prior year's figure of EURK 2,567 and relates to the rail segment at EURK 1,051 (PY EURK 619) and the container segment at EURK 609 (PY EURK 2,120).

Operational expenses

Total costs increased disproportionately to the growth in sales in the reporting period. As a result of the strong growth in sales, the cost of materials increased to EURK 23,014 compared to EURK 20,193. In particular, increased maintenance measures of EURK 1,093, which were conducted to strengthen the swap body portfolio, contributed to the increased cost of materials. Overall, the margin ((sales less cost of materials/sales) decreased from from 82.7 % in the previous year to 80.9 % in the year under review, excluding the one-off proceeds from the sale of the of real estate. The margin development in the core rail segment was at the previous year's level of 80.3 % (previous year 80.3 %). For the container segment the margin fell to 81.3 % (previous year 85.9 %).

Personnel expenses increased to EURK 4,806 (PY EURK 4,545). Other operating expenses increased from EURK 10,004 in the previous year to EURK 12,664 in the year under review. The main cost driver was the EURK 2,373 increase in losses from asset disposals, which were mainly incurred in the sea container sector.

Result development

The earnings before interest, income taxes and amortisation/depreciation (EBITDA) decreased to EURK 81,800 in 2020 (PY EURK 84,600). Considering the proceeds from the sale of the logistics property, the EBITDA margin fell from 72.4 % to 67.9 % in the reporting period. The decline in EBITDA was mainly due to slight decrease in capacity utilisation in the operating segments as a result of the COVID-19 pandemic and the associated reduction in margins, as well as the EURK 2,373 increase in losses from asset disposals. The rail segment contributed EBITDA of EURK 61,618 (PY EURK 54,815) and the container segment EURK 20,742 (PY EURK 28,067) in the year under review.

The depreciation of EURK 72,157 (previous year EURK 32,904) contains EURK 33,058 exceptional write-downs on the sea container fleet, which was carried out in accordance with IAS 36 on the recoverable amount. Please refer to the notes. In addition, there was an increase in depreciation and amortisation compared to the previous year due to the strong investment activity in the previous year and the year under review.

The result from operating activities (EBIT) fell significantly to EURK 9,643 (PY EURK 51,696) due to the exceptional write-downs. The financial result of the Group developed from EURK -37,194 to EURK -63,762. This significant deterioration is mainly due to a EURK 21,239 reduction in non-cash currency effects from the sea container sector and increased interest expenses of EURK 43,657 (PY EURK 39,411) as a result of borrowings (in the form of bank loans, bonds, loans from institutional investors and direct investments) to finance newly acquired assets.

Taken into account the financial result, earnings before taxes (EBT) amounted to EURK -54,119 (PY EURK 14,502). Of this amount, an amount of EURK 12,861 (PY EURK 15,930) is attributable to the rail segment and EURK -67,165 (PY EURK -3,316) to the container segment. After taxes, a consolidated net result for the year amounts to EURK -56,961 (PY EURK 11,952) is reported.

The overall Group result amounts to EURK -51,746 (PY EURK 8,681) and specifically contains the effects from changes to the currency balancing item due to conversion of the functional currency USD into the reporting currency EUR as well as changes in value from the hedge accounting of interest caps and the resulting deferred taxes.

2.6 FINANCIAL SITUATION & ASSET SITUATION

As of the balance sheet date, the Aves Group's total assets decreased from EUR 1,036 million in the previous year to EUR 1,022 million.

Increase of the assets by new assets acquired

On the asset side, the long-term assets increased by EURK 16,016 to EURK 960,949 . Intangible assets decreased to EURK 6,299 (PY EURK 6,566) and mainly include goodwill of EUR 5,624 from the acquisition of CH2 Contorhaus Hansestadt Hamburg AG, Hamburg (hereinafter "CH2") in 2017. Tangible fixed assets increased to EURK 935,455 (PY EURK 924,327), mainly due to investments in the rail and swap body portfolio, whereas exceptional write-downs on sea containers had an opposite effect.

Other financial assets of EURK 4,086 (PY EURK 3,046) mainly include EURK 3,495 (PY EURK 741) in early termination rights of bonds issued by the Aves Group.

Current assets decreased to EURK 60,623 compared to EURK 91,273 in the previous year. Trade receivables decreased to EURK 17,023 after EURK 22,465 in the previous year. The other assets and prepayments of EURK 24,730 (previous year EURK 30,071) mainly contain restricted cash in the amount of 16,034 (previous year EURK 21,976) (reserve accounts for future maintenance measures and debt services), which were mainly set up in the context of financing rail portfolios. The decrease in inventories by EURK 3,539 to EURK 226 results primarily from the sale of the last logistics property of the Aves Group.

The decrease of tax refund claims to EURK 898 (PY EURK 3,661) is due to EURK 3,330 is attributable to EURK 3,330 in payments from input tax refund claims for freight wagons acquired in Austria and Sweden in the prior year.

Cash and cash equivalents decreased from EURK 30,887 EURK 17,283 in the 2020 business year, mainly due to funds raised in the previous year that were used for further growth in the reporting period.

Share capital

The fully paid-up or provided share capital of the Company is EUR 13,015,053 as at the balance sheet date (PY EUR 13,015,053). It is divided into 13,015,053 (PY EUR 13,015,053) bearer shares without nominal value (no-par-value shares) with a prorated amount share in the share capital of EUR 1.00 per share.

Capital reserve

The capital reserve as at 31 December 2020 remains unchanged EURK 40,043 (PY EURK 40,043), regarding the composition and change, we refer to the information in the Notes under section 7.11.4.

Hybrid capital

With the agreement of 30 December 2020, an existing loan from the Versorgungswerk der Zahnärztekammer Berlin, public corporation, Berlin (hereinafter referred to as "VZB") to Aves Asset Holding GmbH, Hamburg, was transferred to Aves One AG. In the course of this, the loan conditions for the subordinated loan were newly agreed with the consequence that this loan relationship is reported as hybrid capital in equity capital on the balance sheet date in accordance with IAS 32 in the amount of EURK 24,114. We refer in detail to the information in the notes under section 7.11.5.

The consolidated reatined losses increased significantly from EURK 8,776 in 2019 to EURK 65,745 as at 31 December 2020 as a result of the consolidated net result of the year.

Liabilities

In total, the Group's financial liabilities (short- & long-term) in the reporting year amount to EURK 983,942 (PY EURK 972,400). In the area of the long-term debt, the financial debt increased to EURK 877,903 from EURK 805,906 in the previous year. Short-term financial liabilities totalled EURK 106,039, compared to EURK 166,494 in the previous year. The increase in financial debt is related to the investments made in the reporting year. A siginificant portion of the liabilities is due within one year and contains financing from institutional investors and direct investments in addition to bank financing. Furthermore, in the course of the sale of the sea containers (we refer to the notes for details), the related liabilities to banks, institutional lenders and direct investors will be repaid in total in 2021.

The Management Board of Aves One AG has consciously continued to accept the exchange rate risk in 2020 (US-Dollar to EURO) prevailing in the container segment, since the exchange rate loss for the financings held in EURO in the container segment are essentially non-cash effects and the underlying logistics assets are held in the long term and the timing of a sale of the assets can be deliberately chosen. In contrast, securing the currency risk by financial instruments would have an immediate effect on the cash flow, which is to be avoided in order to prevent a burden on the Group's liquidity. The Management Board of Aves One AG does, however, regularly monitors the currency risk and the currency development.

The deferred tax liability amounted to EURK 8,957 (PY EURK 7,310). The increase in deferred tax liability is explained by currency effects, offsetting of deferred tax assets and liabilities, different conversion of the IFRS balance sheet and tax balance sheet, as well as loss carry forwards, some of which cannot be used within the next few years. In addition to this, deferred taxes essentially result from different depreciation rates between the tax and the IFRS balance sheet. Other current liabilities include trade payables, which together with other liabilities amount to EURK 6,309 (PY EURK 12,330).

The decrease in these liabilities as of balance sheet date is mainly due reduced liabilities from the purchase of freight wagons.

Analysis of the cashflow statement

The cashflow from operating activities increased to EURK 86,955 (PY EURK 80,005), primarily due to slightly lower operating result and improved working capital. The cashflow from investment activities amounted to EURK -84,921 (PY EURK -130,928). In the reporting year, further investments into tangible fixed assets were made of EURK -106,586 (PY EURK -156,240).

The cashflow from financing activities amounted to EURK -15,523 (PY EURK 64,645).

For the financing of the freight and tank wagons, containers and swap bodies the company entered into reduced liabilities of EURK 252,455 (PY EURK 276,903) in the 2020 business year compared to the previous year. In addition cash-effective interest payments were made of EURK -34,738 (PY EURK -30,844). Payments for redemption of bonds and financial loans amounted to EURK -231,465 (PY EURK -180,141). Aves Group was always able to meet its payment obligations on time.

The Management Board works continuously to improve the capital structure and adapting it to changing market conditions and suitable refinancing in order to ensure the solvency of the Aves Group in the future.

The Management Board does not have any indications that there will be any material adverse changes in the cash flow situation of the Aves One Group.

2.7 FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

Aves Group uses various financial performance indicators to control the Company. The major performance indicators are sales revenues as well as EBITDA (earnings before taxes, interest, depreciation and amortisation).

In the scope of a comprehensive monthly reporting for the respective business area, supporting key performance indicators have been reviewed that are also compared to the indices of the industries, with a special reference to industry services such as Drewry. This includes, among others:

- Utilisation
- Turnover per day
- Cash on Cash (gross profit / (purchasing costs + ancillary procurement costs))
- Operating cash flows
- EBT (adjusted earnings before taxes) adjusted for exchange rate effects disclosed in the financial result.

Analyses also review the customer structure (in particular industrial customers and shipping companies). Special care is taken to exclude so-called cluster risks.

In addition to various measures aimed at optimizing the return on capital employed, the aim is also all to lower the relative pre-tax financing costs as a weighted average of the costs of equity and borrowed capital as a result of a higher return on capital employed in relation to the financing costs. For this purpose, the financing costs are continually monitored and alternative debt financing is reviewed. In the reporting year, one focus was on analysing how a further part of the previous financing in the form of short-term direct investments can be refinanced through longer-term bank financing or, as happened in the previous year and in 2020 in the amount of EUR 118.8 million, through the issued of bonds. Thus, the nominal interest rate could already be reduced from approx. 5.4 % in 2015 to approx. 3.4 % in 2020.

2.8 FORECAST ACTUAL COMPARISON

Against the background of the effects of the COVID-19 pandemic, which are associated with a high level of uncertainty, such as effects on the production and supply chains, delays at manufacturers of new wagons and reduced maintenance workshop capacities, the Management Board had decided to issue the forecast with due caution. In view of the challenging environment, the Management Board expected sales of over EUR 117 million and EBITDA of over EUR 84 million.

Despite the difficult market environment, the Management Board assumed that opportunities would arise for the Aves Group and that the pace of growth could be continued. It was also expected that financing costs would continue to rise in absolute terms due to asset growth, while relative financing costs would continue to decline due to refinancing and the optimisation of the financing mix. For the rail segment, slight decreases in utilisation were expected and it was anticipated that rental rate improvements, as in 2019, would probably not be achievable. Utilisation in the container segment was expected to remain at a high level.

In the year under review, not all forecast essential key performance indicators could be achieved, as shown in the following table.

	Forecast 2020	Actual 2020
Revenues	> EUR 117 million	achieved
Earnings (EBITDA)	> EUR 84 million	not achieved

In the 2020 business year, sales increased from EURK 116,778 to EURK 123,850 , particularly against the background of the acquisitions in the rail and swap body sectors. EBITDA fell by 3.3 % from EURK 84,600 to EURK 81,800. The main factor influencing the non-achievement of the EBITDA target were losses from asset disposals totalling EURK 5,819, which arose primarily in the context of the sale of sea containers.

Growth in 2020 continued to focus on the most important business unit, rail. The decision to forego the expansion of the sea container area and the complete run-off of the real estate sector, which was already communicated in the last business year, was realised.

The utilisation rate in the rail segment fell slightly in line with expectations, but remains at a high level. Contrary to estimates, the average rental rate was increased compared to the previous year. The utilisation rate in the container segment was also maintained at a high level despite declines. The Group's cash flow from operating activities increased significantly compared to the previous year.

Financing costs increased in absolute terms due to further growth. However, as expected, a further reduction of the average nominal interest rate from 3.5 % in the previous year to 3.4 % in 2020 was achieved. Financing costs are interest expenses and other financing costs that are incurred in the raising of financing funds and cannot be capitalised as acquisition-related costs as part of the effective interest method on the loans raised.

The business development in 2020 is assessed as satisfactory by the Management Board against the background of the challenging framework conditions caused by the COVID-19 pandemic, the increased turnover and a slightly lower EBITDA. In the core segment rail, the EBITDA margin even increased slightly from 72.0 % to 73.4 %. With the strategic sale of the sea container portfolio in March 2021 and the resulting complete discontinuation of the sea container sector, the Management Board has completed its focus on the sustainable core business of rail. With continuous acquisitions and a clear focus on the rail segment, the market position is to be further expanded.

3 OPPORTUNITIES AND RISK REPORT

3.1 RISK MANAGEMENT

Aves Group identifies potential risks in the scope of the risk management system as early as possible. The Management Board evaluates and controls these in close cooperation with the Company's operative units. The integral parts of the system are the systematic risk identification and risk assessment, upon which measures for avoidance, reduction and limitation of risks can be initiated. An individual risk inventory of the macro as well as micro risks captures all material risks. Particular attention is paid to the existence of going concern endangering risks and their early detection. Countermeasures can be initiated or strategy adjustments can be promptly addressed. The risk management system is continuously and systematically developed further. The risk policy of the Aves Group corresponds to the endeavour to grow sustainably and increase profitability.

Structures and processes

As part of the risk assessment, the known risks are classified by the responsible Managing Directors of the respective segments, i.e. Holdings, Rail, Container and Real Estate. Here the risks are grouped according to their amount and probability of occurrence. The likelihood of occurrence is classified as low (0 %-33 %), medium (33 %-66 %) or high (66 %-100 %). Each risk is assigned a maximum financial risk in EUR. Multiplication of the two variables leads to the weighted risks which enables direct ranking. Depending on the amount of the weighed risk in EURk, it is divided into four categories:

- Low (< EURk 1,000)
- Medium (EURk 1,000 – 5,000)
- Critical (EURk 5,000 – 10,000)
- Existence-threatening (above EURk 10.000)

Starting at a "significant" weighted risk, this risk is observed particularly by the Management Board and the Managing Directors of the segments.

The risks already identified are regularly reassessed by the Management Board / Managing Directors and, if necessary, re-classified according to the changing framework conditions. This also applies to newly identified risks. There is a reporting system at the Board level pursuant to Section 90 of the German Stock Corporation Act (AktG). Changes to the business policy and major transactions that have a material impact on the profit and loss account of the Company are either reported as part of the regular Supervisory Board meetings held quarterly, or if necessary, immediately.

Due to the sale of the sea containers (see section 1.1.3. business model), opportunities and risks for further development will arise in the future from the rail division and swap bodies in particular.

3.2 PRESENTATION OF THE INDIVIDUAL RISKS

3.2.1 MARKET OPPORTUNITIES AND RISK PRESENTATION

3.2.1.1 GENERAL MARKET OPPOTUNITIES AND RISKS

The focus of Aves Group is the procurement and holding of durable logistic assets, especially freight wagons. Swap bodies complement the portfolio to a small extent. The aim is to have as broad a diversification of the logistics portfolio as possible long-term in order to hedge against short-term cyclical fluctuations.

The significance of the macroeconomic risk is assessed as low at the time of analysis.

Market for Rail

The European Commission has proposed to declare 2021 the European Year of Rail. Events, campaigns and initiatives will promote rail as a sustainable, innovative and safe mode of transport. This European Year should help to achieve the goals of the European "Green Deal" in the transport sector. One quarter of greenhouse gas emissions in the EU are currently caused by transport. These are to be reduced by 90 % by 2050. This will further promote the liberalisation of rail freight transport in Germany and Europe and make rail freight transport even more attractive in the future. State rail companies are focused on infrastructure development and passenger transport. The new requirements and replacement needs for freight wagons are partly financed by leasing companies, which can further favour the development of Aves. Development of rail freight transport is inhibited by high regulation and many different requirements, such as noise protection and the associated high organisational requirements, but on the other hand presents an opportunity since all freight wagons acquired by Aves comply with the current standard and thus are well positioned in the long term in the market. Furthermore, according to the Management Board, Aves One has two top ten manager in the rail market.

The risk for the rail market is assessed as low at the time of analysis.

Market for Swap Bodies

In addition to the rail market, Aves is active in the container segment in the market for special transport solutions such as swap bodies. According to Aves' estimates, the market for swap bodies will continue to grow. A volume of over 4 billion shipments is expected in Germany in 2021. Should the general conditions described change, this could lead to a deterioration in the company's business prospects.

The general risk for the swap body market is assessed as low at the time of analysis.

3.2.1.2 OPERATIVE RISKS

Operative risks essentially exist regarding the utilisation and the future development of rental rates.

(A) UTILISATION RISK

Rail

Due to the long useful life and the high investment volume, short-term or medium-term leases for freight and tank wagons are generally agreed, but these are renewed on a regular basis. The utilisation risk therefore arises only after the end of the rental term.

The assets currently held are largely let for a period of three to five years. Due to the general obsolescence of the overall fleet in the railway market and the ongoing bottlenecks in new buildings, the utilisation risk at the time of assessment is medium.

Swap Bodies

In the case of swap bodies the development depends much more on the German market. Existing assets are subject to continuous control regarding utilisation. If this is undercut, measures such as transfer to the resale market may be taken. In the case of newly acquired portfolios, particular emphasis is placed on keeping the age of the units as low as possible and an underlying long-term rental agreement.

The utilisation risk at the time of analysis is assessed as low.

(B) SUBSEQUENT LETTING RISK

Rail / Swap Bodies

In the case of freight wagons, tank wagons and swap bodies with expiring rental agreements, there is a risk with regard to follow-up leases. Depending on the market environment and demand, this may result in shorter rental periods and/or lower rental rates.

The subsequent letting risk at the time of analysis is assessed as low.

(C) RESIDUAL VALUE RISK

Rail

For freight wagons and tank wagons that reach their theoretical end of life (45 years), depending on the market environment and demand, there may be lower resale prices and associated book losses from disposal.

Swap Bodies

Depending on the market environment and demand, swap bodies reaching their theoretical end of life (12 years) may lead to lower resale prices and thus to book losses from the disposal of swap bodies.

The residual value risk is assessed as low at the time of analysis.

(D) RISK IN CONNECTION WITH MARKET PRICE CANGES OF ASSETS

Rail / Swap Bodies

The Aves Group is generally exposed to a market price change risk. The prices for the purchase of new freight wagons (new construction prices) and swap bodies are rising. The price level for lettings remains largely stable with a further upward trend. A sale is not planned.

The market price change risk continues to be considered low.

(E) RISKS REGARDING PROFITABILITY

In addition to strengthening equity by capital measures, pursuing an expansive growth course also requires that the Group is profitable. This further strengthens the trust of investors in the business model of Aves One Group and paves the way towards further assets and financing on favourable terms. The measures and acquisitions initiated in previous years and in the business year are showing an effect in the core rail segment I the form of increased operating results (EBITDA).

As in the previous year, the risk is assessed as medium.

3.2.2 FINANCIAL RISKS

3.2.2.1 LIQUIDITY RISK

There is a liquidity risk if the liquid funds are insufficient to meet financial obligations of a certain amount and at a specified time, in particular in the event of age-related or damage-related outflow of fixed assets. This risk specifically applies to repayment and interest payments of the financing at the end of the service lives of these assts. The Management Board hedges these risks by ensuring that there are always enough liquidity reserves in the affiliated companies in order to be able to bridge unexpected liquidity bottlenecks. Furthermore, the Company regularly compiles liquidity plans and reconciles these with the actual development of the Company. Aves maintains access to the capital market at all times in order to be able to choose the most favourable alternative from bank loans, institutional investments and bond issuance, depending on the economic conditions. In the short term, the Management Board therefore does not expect any liquidity bottlenecks to occur. Nevertheless, due to the planned growth and significance for the Company as well as the effects of the COVID-19 pandemic, which cannot yet be reliable estimated even in Q4 2020, there is a major risk in terms of the amount, although the Management Board generally assumes a low probability of liquidity shortage occuring.

At the reporting date, the liquidity risk is considered to be medium.

3.2.2.2 DEFAULT AND CREDITWORTHINESS RISK

In particular in times of high economic volatility, there is always the risk that customers and business partners of Aves suffer economic deterioration or insolvency and that they default on any receivables we have from them. Aves Group therefore pays attention to a diversified customer and distribution partner structure.

The cooperating with large, renowned management companies of good creditworthiness for administration of the rail portfolio or swap body portfolio such as ERR Duisburg, Wascosa and CAI already leads to a preselection of the leasing partners (shipping companies, chemical groups). With these management companies, there are, for example, clear specifications for compliance with a minimum standard with regard to the Dynamar rating (for shipping companies) when initiating leasing contracts. The asset managers Wascosa and ERR Duisburg also have the necessary rail expertise to select qualified leasing partners. There is currently no credit insurance.

In the current challenging situation for many companies due to the COVID-19 pandemic, it cannot be ruled out that individual customers will default on payments and that individual segments will experience weaker capacity utilization. However, due to Aves One's overall very strong customer portfolio with a high proportion of state-owned railways and blue chip customers, the Aves Group does not expect any significant negative effects.

The default and creditworthiness risk at the reporting date is assessed as medium.

3.2.2.3 INTEREST RATE RISK

As part of debt financing, the Group is exposed to an interest rate change risk. Interest rate fluctuations may cause the costs for refinancing to change. The interest rates of all interest-bearing liabilities as at 31 December 2020 are fixed. In order to limit the refinancing risks, interest rate agreements are fixed for the longest possible periods. As part of the financing of a portfolio and in the course of refinancing an existing rail portfolio in previous years, interest rate hedges (interest rate caps) were concluded in order to limit the interest rate risk. At this stage, it is not possible to foresee to what extent the COVID-19 pandemic will change the conditions on the capital market for Aves One. This concerns above all the question of the short or medium-term possibility of providing financing and at what conditions.

The interest risk is assessed medium at the time of analysis.

3.2.2.4 FINANCE RISK

Institutional investors

There are a number of long-term partnerships with institutional investors that invest large amounts in clearly differentiated secured investments. The higher investment amounts make the inflows and outflows selective but plannable. The reliability of contract compliance is particularly important to maintain the basis of trust for new and re-investments. The trusting cooperation with the institutional investors provides quick and reliable access to financing. Institutional investors are usually bound to a certain credit rating and risk classification of their respective investments. As a rule, institutional investors have their assets pledged as part of financing. Due to the stock exchange listing and, if necessary, further capital measures in the future, the Management Board expects a more favourable risk rating for Aves compared to the previous classifications.

Thus, the risk of this form of financing not being realised is assessed as medium overall at the time of analysis.

Bank financing

Financing through banks is subject to high collateral and reporting requirements. Failure to meet the required reporting requirements may result in an early repayment of the entire loan amount and a possible exclusion for further financing. Therefore, the investment-team, together with the controlling department closely monitors compliance with financing terms and conditions and reporting requirements through Aves' existing reporting, control and risk management system. The base of banks with which Aves has contracts has been expanded to up to ten banks.

The risk is assessed as medium at the time of analysis.

Direct investments

As a matter of principle, direct investments were conceived and processed exclusively through BoxDirect GmbH and its subsidiaries as well as Container Invest and distributed exclusively through CH2 AG. The risk for the Company in this form of financing was the lack of new financing for new or used containers, since the procurement logistics assets have a long lifetime (>10 years) but the financing is for a shorter period (<5 years). CH2 AG, as a long-standing specialist in the field of direct investments, among other things, is well positioned to minimise contractual risks thanks to its extensive network of specialised lawyers and other industry experts who have the relevant, specialised know-how. A regulatory risk exists due to BaFin's efforts to constantly increase investor protection by regulating market access. The laws were tightened in this regard as of 1 January 2016, thus creating certain market barriers. For BoxDirect and Container Invest, this initially means higher expenses to fulfil the requirements (prospectus obligation). On the other hand, opportunities may arise for reputable providers due to a shake-out of the market and an increasing value of direct investments in the perception of potential investors. The Aves Group assumes that it will continue not to be covered by the scope of application of the KAGB. However, there is a risk that this will be interpreted differently by the supervisory authorities in the future and that internal restructuring measures within the Group would become necessary, which would require the approval of third parties. It cannot be ruled out that these restructuring measures, if necessary, would result in a reversal of existing processes. This could have a significant negative impact on the economic result achievable by the investor and could even lead to a complete loss of the investor's investment.

Due to the strategy of only using a small proportion of direct investments exclusively in the swap body sector, the proportion of direct investments in relation to the Aves Group will be significantly reduced. In the fourth quarter of the 2020 financial year, further bonds were placed for expiring direct investments, among other things. Furthermore, in the course of the sale of the sea containers, the associated direct investments are expected to be fully repaid in 2021. The relative share of direct investments in Aves' financing mix has fallen further.

The risk is now assessed as low.

3.2.2.5 EVALUATION RISK REGARDING FIXED ASSETS

The fixed assets in the balance sheet are subject to the fluctuations on the sales and procurement markets regarding their recoverability. Therefore, there is a risk that the book values of the fixed assets may be higher than the net realisable value or actual value in use. Assumptions and estimates are subject to considerable fluctuations due to changes in the underlying conditions and the development of the market underlying the respective segment. In the event of any changes, these may lead to an impairment of the fixed assets and consequently an impairment loss.

As of balance sheet date, the risk is assessed as low.

At the reporting date, the company is exposed to a valuation risk for sea containers due to market volatility. As part of the impairment test as at 31 December 2020, exceptional write-downs to the recoverable amount of EURK 33,038 were made for sea containers. With the contract dated 18 March 2021, the sea container portfolio was sold for a purchase price of USD 182.5 million. No further risks arise for the Aves Group from this.

3.2.2.6 IMAGE-RELATED RISKS

The market value and reputation of the Company correlate positively with each other. Further development of the Company and access to capital, financing and assets essentially depend on acting reputably and professionally as a Company. For these reasons, a reputation for reliability and durability is very important in this relatively small market. Even small incidents may cause lasting damage.

The risk is assessed as low at the valuation date.

3.2.3 ORGANISATION AND PERSONNEL RISK MANAGEMENT

3.2.3.1 PERSONNEL RISK

The streamlined structure of the Company makes sufficient staffing levels and the existence of certain mandatory key qualifications and further technical qualifications a critical factor. Particularly in connection with the acquisition of financing and assets, it is essential to have a good network with players in the respective market areas. Here full trust, business but also personal relationships are in the foreground. These networks are tied to specific individuals, making their affiliation with the Company a critical success factor of the business model.

Attractive workplaces and a professional management culture act towards strengthening identification of employees with the Company and to retain them in the long term. In order to reduce personnel risk, minimising fluctuation is crucial in addition to timely recruitment of personnel when expanding business activities.

Overall, the risk is viewed as low.

3.2.3.2 RISK REGARDING ASSET DAMAGE

Aves has taken out an asset damage liability insurance to protect against incorrect decisions made by the Management Board, Managing Directors and the executive employees. This risk is assessed as low.

3.2.3.3 IT-RISKS

Aves depends on functioning IT systems to manage its business. For this reason, only high-quality and always up-to-date hardware is used, which is checked and maintained by the IT service provider Comedia.IT GmbH, Hamburg. There are always enough spare systems and hardware components available so that failures will only cause minor delays in the workflow. Documentation of the hardware structure and the corresponding contract persons are available. Standard software is essentially used for the handling of the daily process, in particular in the form of Microsoft Office products, the ERP system COMARCH and Lucanet. Further progress has been made in the finance department in terms of stability, analysis capability and transparency, particularly with regard to the expansion of Comarch functionalities and the use of Lucanet as a consolidation software and planning tool.

In 2020, the implementation of a document management system including an electronic incoming invoice workflow was continued and applied by means of the enterprise content management software Enaio. This is expected to result in further process improvements and efficiency increases. In addition, a further project was started with the implementation of a data warehouse, which will enable large volumes of data to be analyzed and evaluated even more quickly and efficiently in future. In contrast, the use of complex special solutions poses the risk that they will only be mastered with limitations by all employees or only completely by some employees. This risk is addressed through the creation of staff redundancy and the introduction of standard tools. Furthermore, a database for the administration of container assets has been kept in the container segment so far.

This, the IT-risk is still assessed as low overall at the time of analysis.

3.2.3.4 LEGAL AND REGULATORY RISKS

Aves Group is subject to a great number of different and frequently changing legal provisions in the scope of its business activities. The resulting public or civil consequences can be very costly. Expenses may arise as a result of judicial or administrative decisions or as a result of agreeing to settlements.

The risk is considered low.

3.2.3.5 RISK FROM STOCK EXCHANGE LISTING

As a publicly listed company, Aves is subject to many regulatory requirements and demands. Should Aves fail to comply or only partially comply with legal and private regulations, there is also a risk of a significant loss of image in addition to financial sanctions. Among other things, Aves is subject to special risks arising from the tradability of the company's shares and the associated regulations. These include possible insider trading, price manipulation, unequal treatment of shareholders and false ad hoc reports or other communication. Both unintentional and intentional activities must be excluded here. Sensitive handling of confidential information is just as necessary as transparent structures, a four-eyes principle and well-founded expert knowledge of the employees. The European Market Abuse Regulation (MAR) and the Market Abuse Directive (MAD) form the European legal framework for market abuse. MAR came into force at the beginning of July 2014. The provisions directed at issuers and other market participants have been in force since 3 July 2016. Even small irregularities can severely affect the market capitalisation value of the company.

However, there are no indications that either regulation has been violated at Aves or that this is to be expected, which is why the risk is assessed as low on the reporting date.

3.2.3.6 RISKS FROM ONGOING LEGAL DISPUTES

In connection with the business activity, it is possible that Aves Group may be affected by claims and legal disputes. The Aves Group is not involved in any governmental, legal or arbitration proceedings (including proceedings that are still pending or may be initiated according to the knowledge of the Management Board), that have a material effect on the net assets, financial and earnings position of Aves One AG and / or Aves Group, or may influence them in the future.

The risk is assessed as low as of balance sheet date.

3.2.3.7 RISKS FROM THE SHARE PURCHASE OF AVES RAIL RENT GMBH

It cannot be definitively determined whether the ownership of any or all of Aves Rail Rent GmbH's freight wagons has been effectively transferred to the Company, so that the Aves Group may not have become the owner of all freight wagons resulting from the acquisition of Aves Rail Rent GmbH, Perchtoldsdorf, Austria in 2016 and may be subject to release claims from the actual owners or claims of the financing bank to which the freight wagons were transferred by way of security after the completion of the acquisition of the shares in Aves Rail Rent GmbH. Furthermore, it cannot be excluded that due to contracts concluded by Aves Rail Rent GmbH additional fees will be payable by Aves Rail Rent GmbH in accordance with the Austrian Fees Act of 1957.

This risk was estimated to be low in the previous year and is still considered to be low.

3.2.3.8 RISK ARISING FROM DATA PROTECTION CONCEPT (EU-DSGVO)

On 25 May 2018, the EU's basic data protection regulation entered into force. The DSGVO was equipped with significantly higher penalties for non-compliance. Aves has commissioned and had a data protection audit carried out. Employee training was also provided. All essential processes have been documented and the data protection officer has been appointed.

The risk of a breach of data protection is considered to be medium overall.

3.2.4 TAX RISKS

Inaccurate assessments of tax matters, e.g. in the scope of calculation of tax provisions may lead to negative financial effects, among others in the course of tax audits. Apart from this, the Company's reputation may be damaged if the Company becomes the focus of regulatory investigations due to failure to comply with regulations or missed deadlines. In addition, tax disadvantages in the scope of corporate acquisitions/disposals or restructuring must always be included in the strategic corporate planning. The installed risk management system counteracts such developments. Appropriate provisions are formed for potential tax risks that result from different valuation issues. The risk is reduced by the involvement of external and internal specialists in tax law.

At the reporting date the risk is assessed as medium.

3.2.5 OTHER RISKS

There are influences on the course of business beyond the risks described above that are not foreseeable and therefore difficult to control. If they occur, they may negatively influence the development of Aves. These events include natural disasters, war, terrorist attacks and epidemics. In January 2020, the identification of a novel corona virus (COVID-19) was announced in several patients in China. The outbreak, which was initially localised in China, developed relatively quickly into a pandemic with an impact on the global economy. We refer to sections 2.1. and 6.1 ff.

Risks related to the loss of equipment are covered by insurances. Other risks have an indirect effect on the overall economic effects or market developments and are discussed in the relevant section of this report.

3.2.6 OVERALL VIEW OF RISK SITUATION

The business model of Aves Group is based on three essentials, mutually interacting factors: acquisition of durable logistics assets, access to favourable financing terms and capital generation.

These factors represent the main risk areas. Awareness of this situation characterises the activities of the Management Board. This is considered as the basis for further optimisation of financing on favourable terms. At the same time, investment projects are being initiated and developed to meet the requirements in terms of sustainability and return. Closely related to this is the supply of liquid funds, which must be secured at all times, in order to fulfil the obligations to investors or lenders, but also to be able to react quickly to investment opportunities arising in the market. In addition to all other risk areas that are subject to constant monitoring, the Management Board also considers itself to be in a position to succesfully implement necessary capital raising measures, if required, with regard to outstanding issues to the expertise available in the company and its shareholder structure. As of the balance sheet date, there were low and medium risks, but no risks threatening the continued existence of the company, either individually or in their entirety.

Overall, there has been no siginficant change in the risk situation of the Aves Group copmared to the prior year.

3.3 REPORT ON OPPORTUNITIES

The risk management system includes both risk and opportunity potential. In addition to risk identification and risk avoidance, the strategic focus on business opportunities is intended to contribute to a sustained increase in enterprise value, increase profitability and secure the long-term existence of Aves. The opportunities of the Aves Group have increased further compared to the previous year. The investments made in the previous year and in the past financial year in particular contributed to this. In addition, the further increase in demand for logistics assets, capacity utilization at a continued high level and the improvement of the financing structure will have a positive impact on the Aves Group. The identification of opportunities is an integral part of corporate management. On the basis of the general conditions, market and industry situation and the business development described above, there are various potential opportunities, selected from those presented below.

Rail

In Germany and Europe, the liberalisation of rail freight transport is promoted and demanded. According to a European Commission target, fifty percent of freight traffic is expected to switch from road to other means of transport, such as rail or ship, by 2050. The aim is to achieve climate protection targets, such as the reduction of CO_2 emissions, and thus to take advantage of and expand the environmental advantages of the rail mode over road transport. SCI expects from this that the intermodal sector in particular will grow strongly until 2030 in order to be able to achieve the targets set for the shift from road to rail. Already today, 35% of the transport performance of the freight railways in Germany is provided by combined transport, which can be regarded as an important growth market.

Given these conditions, the Aves Group is in a market environment with good prospects. Since the state-owned railway companies have limited financing options, they increasingly focus on investments in the rail network and passenger transport. An end to the disinvestment in wagons seems rather unlikely. In the USA, leasing companies control approximately 65 % of the freight wagon market. According to SCI, the share of leasing companies in Europe will rise from 36 % in 2018 to 4 5% by 2025, which means that the freight wagon stock of leasing companies will grow by 2.2 - 2.5% per year. Replacement investments are and will remain the market drivers in the freight wagon sector, since the high average age of the freight wagon fleet in Europe will require high replacement investments in the next few years. According to information from operators and manufacturers, fewer wagons are still being produced than replacement investments would be needed, so this further increases the average age of the fleets. Aves sees good opportunities for growth in this market and to contribute to closing the growing gap between market demand and supply through additional initial investment or expansion investment. With the investments made during the business year, Aves has a broad portfolio of freight and tank wagons, intermodal wagons, bulk wagons as well as other wagons. The Management Board is countinuing to focus more strongly on the Rail business sector and intends to significantly expand this business unit through further acquisitions and to pursue growth opportunities. Reference is made to the explanations under 2.2.

Swap BodiesContainer

In the Special Equipment segment, logistics companies from the courier, express and parcel market (KEP market) are among the main lessees of swap bodies. One of the main drivers for growth continues to be the increasing online trade in the B2C segment (Business-to-Consumer) but there has also been an increase for international shipments, which is set to continue. According to estimates by the Bundesverband Paket und Expresslogistik e. V. (Federal Association of Parcel and Express Logistics), for the next four years, annual growth in shipments volumes is expected to be between 3.6 % and 4.2 % per year. Logisticians continue to concentrate on their core business or, for balance sheet reasons, have no means of procuring these mobile assets. These two factors accelerate the growth of leasing companies that are partners of the Aves Group. SCI also expects positive effects for the swap body market. Accordingly, new market participants are expected to expand the production capacity of swap bodies, which should be reflected in an increase in rental rates. Due to increasing online trade, demand for swap bodies is expected to rise. The internationalisation of logistics companies, especially to Eastern Europe, may create additional growth potential for the swap body market.

The opportunities of Aves Group

Should the markets develop as forecast, and the planned strategic measures of Aves are able to be implemented, there are good opportunities to keep the utilisation rates across all business areas stable at a high level and thus improve the earnings situation. Furthermore, the current and future markets will be examined in light of opportunities for strategic acquisitions, investments or partnerships in order to complement organic growth. Such activities may strengthen the competitive position of Aves Group in the currently managed markets, access new markets or complement the portfolio in selected areas. The Management Board expects a high chance of being able to implement the planned measures.

4 INTERNAL CONTROL SYSTEM OF THE ACCOUNTING PROCESS

Aves Group has an internal control and risk management system in accordance with Section 91 Para. 2 of the German Stock Corporation Act (AktG) with regard to the accounting process, in which suitable structures and processes are defined and implemented in the organisation. The system is based on an individual analysis of the company-specific requirements and needs. This is designed to ensure a timely, consistent and accurate recording of all business processes or transactions. This ensures compliance with the legal standards, accounting standards and internal accounting directives, which are binding for all companies included in the consolidated financial statements. Changes in the law, accounting standards and other pronouncements are continually analysed for relevance and effects on the individual and consolidated financial statements and the resulting changes in accounting and the financial statements are taken into account. The basics of the internal control systems are system-technical and manual coordination processes, the separation of functions and compliance with directives and work instructions. Here, the targeted separation of various functions via a two-person review principle in the accounting-relevant processes, such as order, approval, release, signature permissions at banks and payment release functions plays a major role. The Management Board regularly reviews compliance with these processes.

Through a series of measures, the Aves Group ensures the application and compliance with the statutory accounting requirements as part of the preparation of the consolidated financial statements. Aves Group has, e.g., a central accounting department that acts on the basis of a standardised chart of accounts as well as work instructions. This ensures that accounting processes are recorded in the individual financial statements in a standardised, accurate and timely manner. Various analyses such as target/actual comparisons, forecasting, developments and comparisons are carried out in a timely manner and then evaluated.

Aves One AG has continued the optimizations of its financial accounting software and implemented further improvements in its accounting procedures. Further improvements and increases in efficiency are expected from the introduction of a document management system together with an electronic incoming invoice workflow. The processes within the accounting department have been and will continue to be permanently optimised.

The consolidated financial statements of Aves are prepared in accordance with IFRS. The annual financial statements and the group consolidated financial statements are prepared as part of a structured process and using a fixed schedule agreed with the Management Board and the Supervisory Board. When preparing the consolidated financial statements, the Management Board of Aves is significantly involved in all matters. In addition, there is very close cooperation between the Management Board and the employees of the subsidiaries on all major issues.

An internal auditing apartment has not yet been created. The Management Board has assessed the effectiveness of the accounting-related internal control system. The assessment showed that the accounting-related internal control system was operational for the 2020 business year. The effectiveness of the internal control system is monitored by the Supervisory Board of Aves in accordance with the requirements of the German Commercial Code (Handelsgesetzbuch – “HGB”) and the German Stock Corporation Act (AktG). Irrespective of this, it is important to bear in mind that an internal control system does not provide absolute security but should ensure that material accounting misstatements are avoided or detected.

5 RISK REPORTING REGARDING USE OF FINANCIAL INSTRUMENTS

Due to the high capital intensity, especially on the debt side, financial management is of tremendous importance for the Aves Group. The financial management system is generally carried out centrally by the Group parent company and includes all Group companies. The objectives of the financial management system are to ensure that the Aves Group has an adequate supply of liquidity, to guarantee compliance with the covenants agreed with the financing partners and to limit the financial risks that may result from fluctuations in exchange rates or interest rates.

The use of derivative financial instruments does not result in any known material risks for Aves One AG. In general, the Aves Group is exposed to interest rate risks that may change depending on the level of market interest rates. In the 2018 business year, interest rate caps were concluded as part of the financing of a rail portfolio and the refinancing of an existing rail portfolio, which are in a hedging relationship in accordance with IFRS 9. In the reporting period, further interest rate caps were acquired in the course of further acquisitions of freight wagons and interest rate floors were concluded that are also in a hedging relationship in accordance with IFRS 9. In addition, there is an insignificant interest rate cap (EURK 6) that was concluded in the 2020 financial year and was not included in hedge accounting for reasons of materiality.

As part of the hedging strategy, the Aves Group documented the economic relationship between the interest rate caps and the underlying transaction at the beginning of the hedging relationship. Interest rate caps were used that best reflect conditions such as term, payment date, reference interest rate or interest rate adjustment dates. An effect on income only exists for changes in value that cannot be hedged (ineffective portion). The effective portion of changes in fair value is recognized in other reserves.

Effectiveness is reviewed on a regular basis. Reasons for ineffectiveness in interest rate caps can be default risks of the parties or the discontinuation of the hedged transaction. No indications of such events were identified in the financial year.

6 FORECAST REPORT

6.1 OVERALL ECONOMIC SITUATION

In its April 2021 economic outlook, the International Monetary Fund forecast global growth of 6.0 % for 2021 and 4.4 % for 2022. At the same time, the IMF analysts point out in their forecasts that they are subject to exceptional uncertainty. These result from a visible resurgence of the pandemic in the form of new waves of infection as well as additional mutated coronavirus variants that may continue to spread worldwide. In addition, a revival of the economy will depend on the extent to which effective COVID-19 vaccines can be made available to a broad public in the industrialised nations and some emerging countries. However, there may be regional differences depending on the availability, acceptance and speed of vaccination campaigns.

In addition, the IMF experts expect the major central banks to maintain their expansionary monetary policies in 2021, further supporting growth prospects. Furthermore, additional fiscal policy measures in the major economies such as the EU, the USA and Japan are expected to have a positive impact on the global economy.

The industrialised nations are expected to grow by 5.1 % in 2021. For Europe, a gross domestic product growth rate of 4.4 % is expected in 2021 and 3.8 % in 2022. For Germany, the IMF forecasts growth of 3.6 % for 2021. According to the estimates of the RWI-Leibnitz Institute for Economic Research from March 2021, growth of 3.6 % is expected for Germany in 2021, with domestic demand being the main driver of economic recovery. For the developing and emerging countries, the IMF forecasts economic growth of 6.7 %.

China was the only major economy to record positive economic growth in 2020 and, according to IMF analysts, will grow by 8.4 % in 2021. For the USA, the IMF's forecast for gross domestic product was raised by 3.3 % to 6.4 % compared to October 2020. The main reason for this is the strong fiscal stimulus as well as the aid and stimulus packages that have been passed since December 2020 to the tune of USD 2.8 trillion.

The trade agreement concluded between the European Union and the United Kingdom and the final inauguration of the new US president have also eased further uncertainties, whereas the trade dispute between the US and China continues despite the signing of the trade agreement in January 2020.

6.2 INDUSTRY SITUATION

Rail

The market share of rail freight transport in total transport capacity in Europe is around 18 %. The Federal Environment Agency (Umweltbundesamt) expects freight transport performance in Germany to increase to 975 tonne-kilometres by 2050, an increase of almost 61 % in relation to the period from 2010 to 2050. In addition, the Federal Environment Agency assumes in its calculations that the market share of rail transport will increase from currently about 18 % to about 23 % in 2030 and 31 % in 2050. The progressive liberalisation of the markets, which have so far been dominated by state-owned railways, opens up growth opportunities for private logistics service providers. In addition, the German Federal Government and the European Commission have decided to strengthen and expand rail freight transport in the long term due to its environmental benefits and climate protection targets. Additional growth impulses are also expected from the reduction in rail freight train path prices decided by the German government. In the context of the COVID-19 pandemic, further economic stimulus and support programmes were launched by the German government with regard to rail freight transport, but much is also being done at European level to expand rail freight transport in order to achieve the goals of the "European Green Deal".

The majority of the railway companies have recognised the need for restructuring and consolidation, and in some cases have taken initial steps. Often, however, the state shareholders in particular are unwilling to consistently implement the reform steps identified and to finance the necessary investments, or they focus on the rail network infrastructure and passenger transport.

As part of the consolidation process, numerous mergers and corporate takeovers have already taken place and others are likely to follow. Increasing interest in so-called rolling stock assets was observed on the part of global logistics providers, shipping companies, private equity companies and infrastructure funds.

The topic of noise protection is and will remain an important factor in European rail freight transport in order to achieve the environmental goals. In addition, the customer increasingly expects to have a standard in terms of wagon equipment, as is already the case in road freight transport, for example the existence of digital systems with which among others, a determination of the vehicles position and mileage data are possible. With regard to maintenance and repair management, the possibility of data collection and evaluation is playing an increasingly important role in order to reduce maintenance costs and simplify logistics processes.

Intermodal wagons play a special role in combined transport, both nationally and internationally, against the background of achieving climate targets and shifting transports, where a seamless transition between modes of transport (ship, truck, rail) is possible. With intermodal wagons accounting for 28 % of its total portfolio, the Aves Group considers itself strategically well positioned for the future.

The further impact of the COVID-19 pandemic on rail freight transport, which has been declared systemically relevant, cannot be assessed conclusively at the moment, but it could even emerge strengthened from this situation in the long term. Different effects of the COVID-19 pandemic on various industries in which the Aves portfolio is used are still expected. Due to the crisis in the steel industry, which had already begun before the pandemic, expected slight decreases in capacity utilisation occurred in the reporting year, although it is currently still at a high level. At the end of 2020, demand in the steel industry also picked up again, but will remain volatile in the long term. In industries where, for example, production figures or product demand decline in the short term, capacity utilisation may fall. In contrast, there will also be areas where there is higher demand for freight and tank wagons. Rent increases, as widely accepted recently, will in all likelihood be difficult to implement in 2021.

Container

The sale of almost the entire sea container portfolio to OHA in March 2021 does not entail any future opportunities or risks for the Aves Group.

In the field of swap bodies, logistics companies from the courier, express and parcel market (CEP market) are among the main lessees of swap bodies. The Bundesverband Paket und Expresslogistik e. V. (The Federal Association of Parcel and Express Logistics) expects further growth in shipment volumes of 3.6 % to 4.2 % per year to a total of 4.4 billion shipments by 2024. One of the main growth drivers continues to be the increasing online commerce in the B2C segment (Business-to-Consumer), but there was also an increase for international shipments, which will continue in the future. Furthermore, logistics providers continue to focus on the core business or have no choice or interest in procuring these mobile assets for balance sheet policy reasons.

6.3 OUTLOOK

In the opinion of the Management Board, the Aves Group's business model is based on a solid foundation through its business divisions. In particular the rail segment, but also investments in the swap body portfolio will be the focus of attention in the business year 2021.

With the sale of the sea container portfolio in March 2021, which will be fully completed in the coming months, the Management Board has completed its focus on the core rail segment. The Management Board of Aves One AG has decided to carry out this transaction in order to further focus the future business on the sustainable rail segment. This strategic decision is based, among other things, on the fact that Aves has achieved significantly stronger segment results in the rail segment than in the container segment in recent financial years. The investments in the rail segment in the first quarter of 2021 show that the company will continue to grow strongly, particularly in the area of newbuild wagons, and that the pace of growth can be maintained at a high level.

The effects of the COVID-19 pandemic on the overall economic development, supply and production chains, delays at manufacturers of new wagons and possibly reduced workshop capacities in maintenance are currently still difficult to forecast. It is also not possible at the present time to foresee the extent to which the

COVID-19 pandemic will change the conditions on the capital market for the Aves Group. This primarily concerns the question of the conditions at which upcoming maturities can be refinanced.

Despite the challenging environment, the Management Board believes that even in this difficult market environment, opportunities will arise for Aves, which intends to continue on its growth path.

For the current financial year 2021, the Management Board is confident about the future, based on the measures currently being implemented and the full-year effect from the investment activities of the past financial year 2020.

In order to finance the further growth of the Aves Group and the acquisition of portfolios of logistics assets as well as to strengthen the balance sheet ratios, various forms of financing continue to be examined by the Management Board. This includes equity measures as well as other investments by investors. Furthermore, the reduction of financing costs and the optimisation of the financing mix already started in previous years will be consistently continued by the Management Board in this context.

Despite the complete discontinuation of the sea container segment in the coming months, the consolidated result in the 2021 financial year will still be burdened with interest expenses from the financing of the sea containers as well as interest and ancillary financing costs that will result from the complete repayment of these financial liabilities.

Overall, the Management Board expects sales of more than EUR 100 million for 2021 against the background of the challenging environment. The Rail segment is expected to contribute sales of more than EUR 92 million and the container segment with its remaining swap bodies more than EUR 8 million. The Management Board forecasts total EBITDA of more than EUR 70 million. EBITDA of more than EUR 64 million is expected for the rail segment and EBITDA of more than EUR 6 million for the container segment.

Against the background of the effects of the COVID-19 pandemic, which cannot be reliably estimated, the Management Board expects that Aves will also be able to participate in a recovery of the overall market with slightly higher capacity utilisation. Rent rate improvements, as in 2020, will probably also only be enforced if the overall market recovers. Here, different developments are expected for the tenants from different sectors that are users of the freight wagons. The utilisation rate in the swap body sector is expected to remain at a high level or to increase slightly.

The Management Board notes that despite the discontinuation of the sea container business and the associated repayment of the financial liabilities taken out to finance the sea containers, there will still be currency effects in the 2021 financial year that may affect the consolidated result.

7 INFORMATION TO SEC. 315A OF THE GERMAN COMMERCIAL CODE

Composition of the susrcibed cpaital

The share capital of Aves AG amounting to EUR 13,015,053.00 is divided into 13,015,053 non-par-value shares. It is fully paid up.

Limitations regarding voting rights or transfer of shares

An agreement exists between SUPERIOR Beteiligungen GmbH and RSI Societas GmbH for the joint exercise of voting rights.

Direct or indirect shares in cpaital of the company of more than 10 %

The information on direct or indirect shares in the capital of the company of more than 10 % are presented in the Notes in the section "Disclosed shareholdings according to the Securities Trading Act" (Wertpapierhandelsgesetz – "WpHG").

Shares with special rights

Shares with special rights that give controlling rights were not present in the 2020 business year.

Voting rights control in case of capital shares of employees

Voting rights control pursuant to Sec. 315 Para. 4 no. 5 of the German Commercial Code did not apply in the 2020 business year.

Authorisation to acquire and dispose of own shares subject to exclusion of subscription rights an exclusion of the offer rights of shareholders

The Company is authorised to acquire own its shares amounting to up to 10 % of the Company's share capital at the time of the resolution. The authorisation came into effect on 23 July 2020 and is valid until 22 July 2025. The purchase is made at the discretion of the Management Board and within the limits set by the German Stock Corporation Act, while observing the principle of equal treatment (Section 53a AktG) via the stock exchange or outside of the stock exchange; the latter shall specifically take place by way of public offer and subject to exclusion of the offer rights of the shareholders. In case of a public offer, the Company may either specify a price or a price range for the acquisition. If the shares are acquired via the stock exchange, the purchase price paid per share (excluding incidental acquisition costs) may not exceed the average of the opening auction in XETRA® trading on the Frankfurt Stock Exchange (or a successor system determined by Deutsche Börse AG) or, if there is no XETRA® trading in shares of the Company, of the stock exchange on which the most shares (number) of the Company were traded in total during these 10 trading days ("relevant price") on the last ten trading days prior to the acquisition by no more than 5 % and by no more than 10 %.

The Management Board is authorised, with the consent of the Supervisory Board, to sell its shares acquired based on this or any preceding authorisation according to Section 71 Para. 1 no. 8 of the German Stock Corporation Act, again while observing the principle of equal treatment (Section 53a German Stock Corporation Act for purposes other than to trade in its own shares.

Legal provision and statutes regarding changes in the composition of the Management Board and the Articles of Association

Regarding the appointment and dismissal of Management Board members, reference is made to the statutory provisions of Sections 84 and 85 of the German Stock Corporation Act. In addition, Section III. Management Board, Section 5 of the Articles of Association of Aves AG, stipulates that the Management Board has one or several members and moreover that the Supervisory Board determines the number of members of the Management Board. The Supervisory Board may appoint a Chairman of the Management Board if the Management Board consists of several persons. The Supervisory Board may also appoint deputy member of the Management Board. The provisions on the amendment of the Articles of Association are derived from Sections 133 and 179 of the German Stock Corporation Act.

Change of control clauses in material agreements of the company

With the exception of corporate bonds with a volume of around EUR 17.8 million, there were no agreements by the company that are subject of a change of control as a result of a takeover bid.

Compensation agreement in the event of a takeover bid

There are no compensation agreements with members of the Management Board or employees in the event of a takeover bid.

8 REMUNERATION REPORT FOR THE MANAGAMENT BOARD AND SUPERVISORY BOARD

In 2020, the Management Board received the following remuneration from the Company in accordance with its contracts, which is presented in the model tables recommended by the German Corporate Governance Codex (version: 7 February 2017) pursuant to item 4.2.5. It discloses which benefits the Board of Aves received for 2018 and the prior year. Since not all benefits granted were paid out, there is a separate presentation of the amounts of the funds that were paid to the Management Board

BENEFITS GRANTED (EUR) TOBIAS AULICH, DIRECTOR

Entry 29 November 2018

	2019	2020	2020 (Min.)	2020 (Max.)
Fixed remuneration	250,000.00	250,000.00	250,000.00	250,000.00
Secondary payments	29,768.00	29,768.00	29,768.00	29,768.00
Total	**279,768.00**	**279,768.00**	**279,768.00**	**279,768.00**
One-year variable remuneration	100,000.00	100,000.00	0.00	100,000.00
Multiple-year variable remuneration	0.00	0.00	0.00	0.00
Total	**100,000.00**	**100,000.00**	**0.00**	**100,000.00**
Pension expenses	0.00	0.00	0.00	0.00
Total	**379,768.00**	**379,768.00**	**279,768.00**	**379,768.00**

INFLOW (EUR) TOBIAS AULICH, DIRECTOR

ENTRY 29 NOVEMBER 2018

	2019	2020
Fixed remuneration	250,000.00	250,000.00
Secondary payments	29,768.00	29,768.00
Total	**279,768.00**	**279,768.00**
One-year variable remuneration	75,000.00	100,000.00
Multiple-year variable remuneration	0.00	0.00
Total	**75,000.00**	**100,000.00**
Pension expenses	0.00	0.00
Total	**354,768.00**	**379,768.00**

BENEFITS GRANTED (EUR) JÜRGEN BAUER, DIRECTOR

	2019	2020	2020 (Min.)	2020 (Max.)
Fixed remuneration	300,020.00	300,020.00	300,020.00	300,020.00
Secondary payments	33,818.00	33,818.00	33,818.00	33,818.00
Total	**333,838.00**	**333,838.00**	**333,838.00**	**333,838.00**
One-year variable remuneration	0.00	0.00	0.00	0.00
Multiple-year variable remuneration	0.00	0.00	0.00	0.00
Total	**0.00**	**0.00**	**0.00**	**0.00**
Pension expenses	0.00	0.00	0.00	0.00
Total	**333,838.00**	**333,838.00**	**333,838.00**	**333,838.00**

INFLOW (EUR) JÜRGEN BAUER, DIRECTOR

	2019	2020
Fixed remuneration	300,020.00	300,020.00
Secondary payments	33,818.00	33,818.00
Total	**300,020.00**	**333,838.00**
One-year variable remuneration	0.00	0.00
Multiple-year variable remuneration	0.00	0.00
Total	**0.00**	**0.00**
Pension expenses	0.00	0.00
Total	**300,020.00**	**333,838.00**

BENEFITS GRANTED (EUR) SVEN MEIßNER, DIRECTOR

ENTRY 1 FEBRUARY 2018

	2019	2020	2020 (Min.)	2020 (Max.)
Fixed remuneration	273,800.00	273,800.00	273,800.00	273,800.00
Secondary payments	57,191.00	57,191.00	57,191.00	57,191.00
Total	**330,991.00**	**330,991.00**	**330,991.00**	**330,991.00**
One-year variable remuneration	100,000.00	50,000.00	0.00	100,000.00
Multiple-year variable remuneration	0.00	0.00	0.00	0.00
Total	**100,000.00**	**50,000.00**	**0.00**	**100,000.00**
Pension expenses	0.00	0.00	0.00	0.00
Total	**430,991.00**	**380,991.00**	**330,991.00**	**430,991.00**

INFLOW (EUR) SVEN MEIßNER, DIRECTOR
ENTRY 1 FEBRUARY 2018

	2019	2020
Fixed remuneration	273,800.00	272,176.04
Secondary payments	57,191.00	57,191.00
Total	**330,991.00**	**329,367.04**
One-year variable remuneration	100,000.00	100,000.00
Multiple-year variable remuneration	0.00	0.00
Total	**100,000.00**	**100,000.00**
Pension expenses	0.00	0.00
Total	**430,991.00**	**429,367.04**

The remuneration of the Board members is specified by the Supervisory Board and subject to regular review. The existing remuneration system ensures remuneration of the Board members that is appropriate for the work and responsibility. In addition to the personal performance, the economic situation, result and future expectations of the Group are considered as well. Additional remunerations or royalties may be stipulated from case to case by the Supervisory Board.

The employment contract of Mr. Jürgen Bauer stipulates a non-performance-related total remuneration, amounting to EURK 334 p.a. for the 2020 business year and since his appointment as a member of the Management Board and relates to the existing contract with Aves Rail Rent GmbH, Vienna.

Please refer to the section on other reserves in the notes to the consolidated financial statements with regard to the one-off payments made to Tobias Aulich in 2018 in connection with the conclusion of his employment contract.

If the economic situation deteriorates significantly, the Supervisory Board has the right to reduce the remuneration appropriately.

The total remuneration of the Supervisory Board was determined at the 2019 Annual General Meeting. Accordingly, each member of the Supervisory Board receives a fixed annual remuneration of EUR 15,000.00 for every full business year of membership in the Supervisory Board starting in the 2018 business year. The deputy Chairman and the Chairman each receive an annual amount of EUR 50,000.00. The remuneration is to be settled for the full year and payable after the end of a business year. At the beginning of office or termination of office in the current business year, the remuneration is reduced on pro rata temporis basis.

The remuneration of the Supervisory Board was made up as follows:

RALF WOHLTMANN

	Chairman of the Supervisory Board		Chairman of the Supervisory Board
	2019		2020
Remuneration according to the articles of association	50,000.00	*	50,000.00
Expenses	5,831.00		4,665.00
Total	**55,831.00**		**54,665.00**

EMMERICH G. KRETZENBACHER

	Deputy Chairman of the Supervisory Board	Deputy Chairman of the Supervisory Board
	2019	2020
Remuneration according to the articles of association	50,000.00	50,000.00
Expenses	3,500.00	3,500.00
Total	**53,500.00**	**53,500.00**

BRITTA HORNEY

	Supervisory Board member		Supervisory Board member
	2019		2020
Remuneration according to the articles of association	15,000.00	*	15,000.00
Expenses	5,831.00		5,831.00
Total	**20,831.00**		**20,831.00**

RAINER W. BAUMGARTEN

	Supervisory Board member	Supervisory Board member
	2019	2020
Remuneration according to the articles of association	15,000.00	0.00
Expenses	0.00	0.00
Total	**15,000.00**	**0.00**

* pro rata for the business year

The remuneration of the Management Board for the past business year amounted to in total EURK 1,143 (PY EURK 1,120) and that of the Supervisory Board EURK 129 (PY EURK 145).

A D&O insurance policy has been taken out for the members of the Management Board, senior executives and the Supervisory Board. There is also an E&O insurance policy for the Group.

POSSESSION OF AND TRADE IN SHARES AND FINANCIAL INSTRUMENTS

REPORTABLE SECURITY TRANSACTIONS

In the 2020 financial year, the following reportable transactions were carried out by members of executive bodies.

Name	Jürgen Bauer	Jürgen Bauer	Jürgen Bauer
Position	Executive Board Member	Executive Board Member	Executive Board Member
Transaction	Sale	Purchase	Purchase
Price	9.15	8.95	9
Volume	100,000	1,000	4,500
Date	6/12/2020	10/5/2020	10/7/2020
Place	over-the-counter	XETRA	XETRA

9 CORPORATE GOVERNANCE CODEX DECLARATION

The declaration of compliance issued by the Management Board and Supervisory Board on the recommendations of the "Government Commission on the German Corporate Governance Code" in accordance with section 161 of the German Stock Corporation Act (AktG) has been made permanently accessible at the Internet address http://www.avesone.com.

The declaration prescribed by § 315 HGB and 289f HBG can be accessed under http://www.avesone.com/de/aves_investoren_corporategovernance.html and will be published together with the corporate governance report.

Hamburg, April 30 2021

The Management Board

10 DECLARATION IN ACCORDANCE WITH SECTION 312 PARA. 3 COMPANIES ACT

Relationships with affiliated companies

SUPERIOR Beteiligungen GmbH and RSI Societas GmbH had acquired control of Aves One AG within the meaning of Section 29 Para. 2 of the Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz – "WpÜG") on 6 March 2012 due to a share acquisition transaction. Through this investor group, Mr Jörn Reinecke still holds an indirect share of 30,92 % as at 31 December 2019, which means that, as at the balance sheet date, he has no controlling influence over Aves One AG.

Hamburg, 30 April 2021

Tobias Aulich

Sven Meißner

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

OF AVES ONE AG AS AT 31 DECEMBER 2020

in EURk	Notes reference	31/12/2020	31/12/2019
Assets			
Intangible fixed assets	7.1	6,299	6,566
Tangible fixed assets	7.2	935,455	924,327
Investments accounted for using the equity method	7.3	78	72
Other financial assets	7.4	4,086	3,046
Deferred tax claims	7.10	15,031	10,922
Long-term assets		**960,949**	**944,933**
Inventories	7.5	226	3,765
Trade accounts receivable	7.6	17,023	22,465
Financial receivables	7.7	463	424
Other assets and advance payments	7.7	24,730	30,071
Tax reimbursement claims	7.8	898	3,661
Liquid funds	7.9	17,283	30,887
Short-term assets		**60,623**	**91,273**
Balance sheet total		**1,021,572**	**1,036,206**

in EURk	Notes reference	31/12/2020	31/12/2019
Equity			
Subscribed capital		13,015	13,015
Capital reserves		40,043	40,043
Retained earnings		-65,745	-8,776
Other reserves		2,488	-2,757
Hybrid capital of Aves One AG shareholders		24,114	0
Equity attributable to Aves One AG shareholders		**13,915**	**41,525**
Non-controlling interests		127	119
Total equity	7.11	**14,042**	**41,644**
Liabilities			
Financial liabilities	7.12	877,903	805,906
Deferred tax liabilities	7.10	8,957	7,310
Long-term liabilities		**886,860**	**813,216**
Tax liabilities	7.10	8,322	2,522
Financial liabilities	7.12	106,039	166,494
Trade accounts payable	7.13	3,422	7,854
Other liabilities	7.13	2,887	4,476
Short-term liabilities		**120,670**	**181,346**
Total liabilities		**1,007,530**	**994,562**
Balance sheet total		**1,021,572**	**1,036,206**

CONSOLIDATED INCOME STATEMENT

OF AVES ONE AG FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2020

in EURk	Notes reference	**2020**	**2019**
Sales	6.1	123,850	116,778
Change in inventories of finished goods and work in progress	6.2	-3,063	0
Other operating income	6.3	1,491	2,567
Cost of materials	6.4	-23,014	-20,193
Personnel expenses	6.5	-4,806	-4,545
Other operating expenses	6.6	-12,664	-10,004
Result from investments accounted for using the equity method (net of tax)	6.7	6	-3
Earnings before depreciation, interest and taxes (EBITDA)		**81,800**	**84,600**
Amortization, depreciation and impairment of intangible and tangible fixed assets	6.8	-72,157	-32,904
Earnings from operating activities including the result from investments accounted for using the equity method (EBIT)		**9,643**	**51,696**
Interest income	6.9	80	155
Interest expenses	6.9	-43,657	-39,411
Currency effects on financial receivables and financial liabilities	6.9	-17,838	3,401
Financing secondary expenses	6.9	-2,186	-1,273
Other financial result	6.9	-161	-65
Financial result		**-63,762**	**-37,194**
Earnings before tax (EBT)		**-54,119**	**14,502**
Taxes on income and profit	6.10	-2,842	-2,550
Consolidated loss / profit		**-56,961**	**11,952**
Attributable to			
Aves One AG shareholders		-56,969	11,982
Non-controlling interests		8	-30
Diluted and undiluted earnings per share (EUR)	6.11	-4.38	0.92
Average number of outstanding shares (diluted and undiluted)		13,015,053	13,015,053

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

OF AVES ONE AG FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2020

in EURk	2020	2019
Consolidated loss / profit	**-56,961**	**11,952**
Items that will not be reclassified to profit or loss	**0**	**0**
Gains/losses on currency translation recognized in other comprehensive income	6,865	-356
Transferred to profit or loss	0	0
Deferred taxes relating to exchange differences on translating foreign operations	0	0
Exchange differences on translating foreign operations, net of tax	6,865	-356
Fair value changes recognized in other comprehensive income	-48	-2,075
Transferred to profit or loss	0	0
Deferred taxes relating to cashflow hedges	-104	642
Cashflow hedges, net of tax	-152	-1,433
Fair value changes recognized in other comprehensive income	-1,793	-2,132
Transferred to profit or loss	-5	6
Deferred taxes relating to deferred costs of hedging	300	644
Deferred costs of hedging, net of tax	-1,498	-1,482
Items that may be reclassified to profit or loss	**5,215**	**-3,271**
Total comprehensive income	**-51,746**	**8,681**
Attributable to		
Aves One AG shareholders	-51,754	8,711
Non-controlling interests	8	-30

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

OF AVES ONE AG FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2020

					Other reserves							
							Hedging					
in EURk	Number of shares in circulation	Subscribed capital	Capital reserve	Retained earnings	Equity instruments	Currency translation	Cash flow hedge reserve	Deferred costs of hedging	Hybrid capital of Aves One AG shareholders	**Equity attributable to Aves One AG shareholders**	Non-controlling interests	**Total equity**
as at 01/01/2019	**13,015,053**	**13,015**	**40,043**	**-20,758**	**103**	**1,188**	**0**	**-842**	**0**	**32,749**	**149**	**32,898**
Consolidated loss /profit	0	0	0	11,982	0	0	0	0	0	11,982	-30	11,952
Other comprehensive income	0	0	0	0	0	-356	-1,433	-1,482	0	-3,271	0	-3,271
Total comprehensive income	0	0	0	11,982	0	-356	-1,433	-1,482	0	8,711	-30	8,681
Capital increases/decreases	0	0	0	0	0	0	0	0	0	0	0	0
Other changes	0	0	0	0	65	0	0	0	0	65	0	65
as at 31/12/2019	**13,015,053**	**13,015**	**40,043**	**-8,776**	**168**	**832**	**-1,433**	**-2,324**	**0**	**41,525**	**119**	**41,644**
as at 01/01/2020	**13,015,053**	**13,015**	**40,043**	**-8,776**	**168**	**832**	**-1,433**	**-2,324**	**0**	**41,525**	**119**	**41,644**
Consolidated loss /profit	0	0	0	-56,969	0	0	0	0	0	-56,969	8	-56,961
Other comprehensive income	0	0	0	0	0	6,865	-152	-1,498	0	5,215	0	5,215
Total comprehensive income	0	0	0	-56,969	0	6,865	-152	-1,498	0	-51,754	8	-51,746
Capital increases/decreases	0	0	0	0	0	0	0	0	0	0	0	0
Other changes	0	0	0	0	30	0	0	0	24,114	24,144	0	24,144
as at 31/12/2020	**13,015,053**	**13,015**	**40,043**	**-65,745**	**198**	**7,697**	**-1,585**	**-3,822**	**24,114**	**13,915**	**127**	**14,042**

Other changes in equity are further explained in Section 7.11 of the Notes.

CONSOLIDATED CASH FLOW STATEMENT

OF AVES ONE AG FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2020

in EURk	2020	2019
Earnings before tax	**-54,119**	**14,502**
Depreciation on intangible and tangible fixed assets as well as other financial assets	72,157	32,904
Changes in bad debt provisions for trade accounts receivable	452	427
Gains (-)/losses (+) from the sale/disposal of tangible fixed assets and investment property	5,488	3,230
Result from investments accounted for using the equity method, after taxes	-6	3
Interest income	-80	-155
Interest expenses	43,657	39,411
Exchange rate gains (-)/losses (+) (not cash-effective)	18,090	-3,655
Other expenses/income not attributable to operating activities	1,012	1,273
Other non-cash expenses/income	-819	65
Operational cash flow before changes in working capital	**85,832**	**88,005**
Changes in working capital		
Increase (-)/Decrease of:		
Inventories	0	92
Trade accounts receivable not attributable to investing/financing activities	5,855	-1,960
Other assets and prepayments	-600	1,310
Increase (-)/Decrease of:		
Trade accounts payable not attributable to investing/financing activities	-2,932	-487
Other liabilities and other accruals and provisions	-7	-6,625
Operating cash flow	**88,148**	**80,335**
Income tax payments	-1,193	-330
Cash flow from ongoing business operations	**86,955**	**80,005**
Cash flow from investment activities		
Payments for investments in intangible fixed assets	0	-436
Receipts from disposals of tangible fixed assets	15,722	26,728
Payments for investments in tangible fixed assets	-106,586	-156,240
Payments for financial investments acquired	0	-75
Payments from financial asset investments in connection with short term financial management measures	0	-112
Changes in restricted cash	5,943	-793
Cash flow from investment activities	**-84,921**	**-130,928**

in EURk	2020	2019
Cash flow from financing activities		
Receipts from the issuing of bonds and (financial) loans	252,455	276,903
Amortization payments for bonds and (financial) loans	-231,465	-179,577
Amortization payments for lease liabilities	-763	-564
Other expenses/income attributable to financing activities	-1,012	-1,273
Interest paid	-34,738	-30,844
Cash flow from financing activities	**-15,523**	**64,645**
Cash-effective changes in liquid funds	-13,489	13,722
Liquid funds as at 1 January	**30,887**	**17,148**
Exchange rate related changes in liquid funds	-115	17
Liquid funds as at 31 December	**17,283**	**30,887**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

OF AVES ONE AG AS OF 31 DECEMBER 2020

1 BASIC INFORMATION

The consolidated financial statements relate to Aves One AG, a listed company headquartered in Hamburg (HRB 124 894), and its subsidiaries (hereinafter referred to as the "Aves Group").

The shares of Aves One AG are traded in the Prime Standard (regulated market) of the Frankfurt Stock Exchange and in the General Standard (regulated market) of the Hamburg and Hanover Stock Exchanges.

The Company's fiscal year is the calendar year (January 1 to December 31).

1.1 ACTIVITIES OF THE AVES GROUP

The Aves One Group is an asset owner of long-lived logistics assets with a focus on freight wagons. Swap bodies and containers are also part of the portfolio. Aves One AG is an established participant in the European rail freight transport market. As the asset owner of the logistics assets, Aves controls and monitors the asset manager, the weighting of the business segments and the management of the portfolios.

As of the balance sheet date 31 December 2020, the asset portfolio totaled around EUR 935 million. The Rail division represents the most important business unit and will continue to be the focus of further growth in the future. The Group's other main areas of activity are swap bodies and sea containers. The strategy is geared towards a constant challenge and the further expansion of the railway portfolio.

Investments were made in all areas during the financial year. In addition to notable investments in the rail area (EUR 99.7 million), investments were also made in the swap body area (EUR 6.5 million). As already communicated in the previous year, the management board had made the strategic decision not to invest in the sea container sector in the future. With the asset purchase agreement of March 18, 2021, almost all sea containers were sold to the investment company OHA KY Investment 1, L.P., George Town, Cayman Islands (hereinafter "OHA"). The associated financial liabilities, financing the sea containers, will be repaid in full in the financial year 2021. The sea container segment will therefore be exited after the transaction, which will take place in the coming months, so that the container segment will only contain swap bodies in the future.

1.2 PRINCIPLES OF THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of Aves One AG for the reporting period from January 1, 2020 to December 31, 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC) as adopted by the European Union (EU-IFRS). Section 315e (1) HGB was observed. The consolidated financial statements and the Group management report are published in the electronic Federal Gazette.

The consolidated financial statements of the Aves Group are prepared in euros and all amounts are rounded to the nearest thousand, unless otherwise stated. As the calculations of the individual items are based on unabridged figures, rounding differences may occur if amounts are showing thousands of EUR. The financial statements of the individual consolidated companies are prepared as of the balance sheet date of the consolidated financial statements.

The consolidated financial statements as of December 31, 2020 were approved by the Management Board on April 27, 2021 and released for publication. The Supervisory Board is expected to approve the consolidated financial statements at its meeting on April 30, 2021.

The consolidated financial statements were prepared in accordance with the acquisition cost principle. In accordance with IAS 1, the balance sheet is divided into non-current and current assets and liabilities. Assets and liabilities with a maturity of up to twelve months are shown as current. Deferred tax assets and liabilities are reported as non-current assets or liabilities in accordance with IAS 12. The consolidated income statement was prepared in accordance with the nature of expense method. Items shown in the consolidated balance sheet and consolidated income statement are explained separately in the notes to the consolidated financial statements.

DEFINITION OF EBITDA, EBIT, EBT

In these consolidated financial statements, key financial figures are used that are not generally defined in the relevant accounting standards. These key figures include the control parameters EBITDA, EBIT and EBT, which were used in the 2019 annual report and will also be used in the 2020 annual report.

EBITDA (earnings before interest, tax, amortization and depreciation) comprises all income and expenses in the reporting period with the exception of impairments and depreciation on intangible assets and property, plant and equipment, income and expenses and income taxes reported in the financial result.

EBIT (earnings before interest and tax) comprises EBITDA as well as impairments and depreciation on intangible assets and property, plant and equipment in the reporting period.

The EBT (earnings before tax) comprises EBIT as well as income and expenses reported in the financial result for the reporting period.

In connection with segment reporting, key figures adjusted for holding company charges and other special effects are used that are not part of the segment management of corporate management. These adjustments are explained in more detail in Section 5.2.

1.3 STANDARDS, INTERPRETATIONS AND CHANGES THAT OCCURRED FOR THE FIRST TIME IN THE FISCAL YEAR APPLIED IN 2020

The new and revised IFRS standards and interpretations listed below, which have been adopted by the EU, must be applied as of the beginning of the reporting period. They also include the amendments published as part of the IASB's ongoing Annual Improvements Project (AIP) to IFRS.

Standard/Interpretation		**Compulsory for financial years beginning on or after that date**	**Status of the EU Endorsement (Status 31.12.2020)**
IAS 1, IAS 8	Amendment - Definition of "material"	Jan. 1, 2020	endorsement effective
IFRS 3	Amendment - Definition of a business operation	Jan. 1, 2020	endorsement effective
IFRS 7, IFRS 9, IAS 39	Amendment - Reform of reference interest rates	Jan. 1, 2020	endorsement effective
Framework	Amendment - Revision of the framework	Jan. 1, 2020	endorsement effective

1.4 PUBLISHED BUT NOT YET APPLIED STANDARDS, INTERPRETATIONS AND CHANGES

At the time the consolidated financial statements were prepared, the following standards and interpretations of the IASB and their amendments and revisions had either not been adopted by the European Union or their application was not mandatory in the 2020 financial year and had not been voluntarily applied in advance by the Aves Group:

Standard/Interpretation		Published by the IASB	Application mandatory	Expected impact
IFRS 17	Insurance contracts	May 2017	Jan. 1, 2023	No material impact
IFRS 16	Amendment to IFRS 16: COVID 19 related rental concessions	May 2020	Jun. 1, 2020	No material impact
IAS 1	Amendment to IAS 1: Classification of liabilities as current or non-current	July 2020	Jan. 1, 2023	No material impact
IAS 16	Amendments to IAS 16: Property, Plant and Equipment: Revenue before intended use	May 2020	Jan. 1, 2022	No material impact
IFRS 3	Amendments to IFRS 3: Reference to the IFRS Framework	May 2020	Jan. 1, 2022	No material impact
IAS 37	Amendments to IAS 37: Onerous Contracts: Costs of fulfilling the contract	May 2020	Jan. 1, 2022	No material impact
AIP	Annual improvements to IFRS (2018 - 2020)	May 2020	Jan. 1, 2022	No material impact
IFRS 10, IAS 28	Amendments to IFRS 10 and IAS 28: Disposal or Contribution of Assets between an Investor and an Associate or Joint Venture	September 2014	postponed indefinitely	No material impact

2 SUMMARY OF SIGNIFICANT ACCOUNTING AND VALUATION METHODS

The significant accounting policies applied in the preparation of these consolidated financial statements are described below. The methods described are applied consistently to the reporting periods presented unless otherwise indicated.

2.1 PRINCIPLES OF CONSOLIDATION

(A) SUBSIDIARIES

Subsidiaries are all companies controlled by Aves One AG. Aves One AG controls an investment company if it has control over the company, there is a risk burden from or rights to variable returns from its involvement in the investment company and Aves One AG has the ability to use its control over the investment company in such a way that the amount of the variable returns of the investment company is influenced.

The consolidation of an affiliated company begins on the date on which Aves One AG acquires control of the company. It ends as soon as Aves One AG loses control over the associated company.

Acquisition of subsidiaries for consideration:

Acquired subsidiaries are accounted for using the acquisition method. The consideration paid for the acquisition corresponds to the fair values of the assets given up, the equity instruments issued by the Group and the liabilities assumed by the former owners of the acquired subsidiary at the acquisition date.

In addition, the consideration transferred includes the fair values of any recognized assets or liabilities resulting from agreed contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. If the acquired subsidiary meets the requirements for a business operation, the difference between the consideration transferred and the balance of assets and liabilities acquired is recognised as goodwill. In the event of a corresponding constellation resulting in a negative difference (badwill), this would be recognised in income.

Costs associated with the acquisition are expensed in the periods in which they are incurred.

Intragroup transactions and standardized Group valuation

Intragroup transactions, balances and unrealised gains and losses from transactions between Group companies are eliminated. Where necessary, the amounts reported by subsidiaries have been amended to bring them into line with the Group's accounting policies.

In accordance with IAS 21.45, any currency effects from intragroup transactions were not eliminated.

Sale/Disposal of subsidiaries

If the Group loses control of an entity, any remaining interest in the entity is remeasured to fair value at the date of loss of control and the resulting difference is recognised as a gain or loss. This fair value is the initial value used to subsequently measure the retained interest as an associate, joint venture or financial asset. In addition, all amounts previously recognised in other comprehensive income relating to this company are recognised as if the Group had sold the corresponding assets and liabilities directly. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(B) ASSOCIATED COMPANIES

Associated companies are all companies over which the Group exercises significant influence but not control, usually accompanied by a share of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method and are initially recognized at cost. In subsequent periods, the carrying amount of the investment increases or decreases in proportion to the Group's share of the associate's profit or loss. The Group's interest in an associate includes the goodwill arising on acquisition and any hidden reserves.

If the ownership interest in an associate has decreased but significant influence remains, only the portion of the amounts previously recognised in other comprehensive income is reclassified to profit or loss, as appropriate.

The carrying amount of the investment in an associate increases or decreases after the acquisition date in proportion to the Group's share of the associate's profits and losses recognised in the income statement and changes in other comprehensive income of the associate recognised in other comprehensive income of the Group. If the Group's share of losses in an associate equals or exceeds the Group's interest in that entity, including other unsecured receivables, the Group does not recognise any further losses unless it has incurred legal or constructive obligations on behalf of the associate or has made payments on behalf of the associate.

At each balance sheet date, the Group assesses whether there are any indications that the investment in an associated company is impaired. If this is the case, the impairment is determined as the difference between the carrying amount of the investment in the associate and the corresponding recoverable amount and recognised separately in the income statement.

As there were no indications of impairment at the balance sheet date, there was no need for an impairment test.

Unrealized gains or losses from upstream and downstream transactions between Group companies and an associate are only recognized in the consolidated financial statements in proportion to the minority interest in the associate. Unrealised losses are eliminated unless the transaction indicates that the transferred asset is impaired. The accounting and valuation methods of associated companies were adjusted where necessary to ensure uniform accounting and valuation throughout the Group.

2.2 OPERATING SEGMENTS

Operating segments are reported in a manner consistent with internal reporting to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources to business segments and assessing their performance. The Management Board of Aves One AG was identified as the main decision-maker, as it makes and has made the strategic decisions in each case.

In accordance with internal corporate management, segment reporting consists of two reportable segments:

- Container, unchanged to prior year
- Rail, unchanged to prior year

All administrative and overhead costs and central services are summarized in the segment reporting in a reconciliation item to the group under "Holding activities".

2.3 CURRENCY TRANSLATION

(A) FUNCTIONAL CURRENCY AND REPORTING CURRENCY

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are prepared in euros, the reporting currency of Aves One AG.

(B) TRANSACTIONS AND BALANCES

Foreign currency transactions are translated into the functional currency at the exchange rates prevailing at the date of the transaction or at the measurement date in the case of revaluations. Gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement.

Foreign currency gains and losses on financial assets and liabilities are presented in the financial result as "Currency effects on financial receivables and financial liabilities". They mainly result from the currency adjustment of financial liabilities denominated in euros in subsidiaries with the functional currency US dollar as at the reporting date.

Where currency effects are attributable to operating activities, they are reported separately within "Other operating income" or "Other operating expenses”.

(C) GROUP COMPANIES

The functional currency of subsidiaries active in the field of inventory management of sea containers is the US dollar, as both the acquisition of the containers and the income and expenses associated with their rental are denominated in US dollar.

Subsidiaries that have a functional currency different from the Group's reporting currency are translated into euros as follows:

- Assets and liabilities are translated at the closing rate at the balance sheet date.
- Income and expenses are translated at the average rate, provided that the use of the average rate results in a reasonable approximation of the cumulative effects that would have resulted from translation at the rates prevailing at the dates of the transactions.
- Except for income and expenses recognized directly in equity, equity is translated at historical rates.

The resulting currency translation differences are recognized directly in equity until the disposal of the subsidiary and are presented as a separate item within equity.

Currency translation in the Group is based on the following exchange rates:

	Closing rate		**Average rate**	
1 EURO =	31/12/2020	31/12/2019	2020	2019
US Dollar	1.2271	1.1234	1.1412	1.1196

2.4 DETERMINATION OF FAIR VALUE

For financial assets and financial liabilities measured at fair value, the measurement method used depends on the input factors available in each case.

If quoted prices in active markets can be determined for identical assets, these are used for measurement (level 1). If there is no active market, the fair values of comparable market transactions are used and financial methods based on observable market data are used (level 2). If the fair values are not based on observable market data, they are determined using recognized financial methods or on the basis of observable achievable prices within the framework of the most recent qualified financing rounds, taking into account the life and development cycle of the respective company (level 3).

2.5 RECOGNITION OF INCOME AND EXPENSES

Revenues are measured at the fair value of the consideration received or receivable. They comprise the consideration mainly from the transfer of use of containers, swap bodies and railway wagons and are shown net, i.e. without value added tax and after deduction of rebates and price reductions, after elimination of intra-Group sales.

The Aves Group recognises revenue when the amount of revenue can be measured reliably, when it is probable that economic benefits will flow to the entity and when specific criteria - as described below - are met for each type of activity of the Group. The Group estimates recoverability based on historical experience, taking into account customer-specific, transaction-specific and contract-specific features. Income from user fees is deferred in accordance with the economic content of the relevant agreements and recognized pro rata temporis:

- Revenue from the sale of containers is recognised when the assets have been delivered and the risk has passed to the buyer.
- Income from usage fees is recognized monthly over the term of the relevant agreements.

Dividends are collected when the claim has legally arisen. Interest expenses and interest income are recorded pro rata temporis, if necessary using the effective interest method.

2.6 STRUCTURE OF THE BALANCE SHEET

Assets and liabilities are reported in the balance sheet as non-current assets and liabilities if the remaining term is more than one year. Residual maturities of less than one year result in their recognition as current assets and liabilities. Debts are generally regarded as short-term if there is no unrestricted right to avoid fulfilment in the following year. Deferred tax assets and liabilities are shown as non-current assets or liabilities. Current income tax assets and liabilities, on the other hand, are reported as current assets or liabilities. If the assets and liabilities have long-term and short-term components, these are reported as short-term or long-term assets and liabilities in accordance with the balance sheet structure.

2.7 IMPAIRMENTS

Intangible assets, including goodwill, that have an indefinite useful life are not amortized. They are tested for impairment at least annually.

Assets subject to scheduled depreciation are tested for impairment if events or changes in circumstances indicate that the carrying amount may no longer be recoverable. An impairment loss is recognised for the difference between the carrying amount and the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For impairment testing, assets are grouped together at the lowest level for which cash flows can be identified separately (cash-generating unit). For non-monetary assets for which an impairment loss was recognised in the past, an assessment is made at each balance sheet date as to whether a reversal of the impairment loss may be required. If the reasons for impairment losses recognised in previous years no longer apply, corresponding write-ups are recognised.

The Aves Group monitors the recoverability of the cash-generating units continuously. The cash-generating unit presents a portfolio managed by the respective asset manager. Against the background of the tense situation on the secondary market for used sea containers in fiscal 2020 - particularly as a result of the market conditions prevailing as a result of the COVID-19 pandemic – Aves has performed its annual impairment test at the end of the year. The impairment test resulted in a recoverable amount of EUR 147.1 million for the group of cash-generating units in the sea container segment. This value (Fair value less costs to sell, which exceeded the value in use of the respective cash-generating units as of the closing date) is the recoverable amount on level 1 of the valuation hierarchy. In the fiscal year, an impairment loss of EUR 33.1 million was recognized for the sea container segment. The distribution at assetmanager-level see below (recoverable amount; impairment loss recognized):

in mill. EUR	**Recoverable amount**	**Impairment**
UES	89.5	9.9
Florens	28.7	9.0
CAI	24.9	12.7
Textainer	2.5	0.2
Seaco	0.8	0.0
Conical	0.7	1.3
Gesamt	**147.1**	**33.1**

2.8 INTANGIBLE ASSETS INCLUDING BUSINESS OR COMPANY VALUE

Intangible assets essentially include goodwill of EUR 5.6 million resulting from the acquisition of the shares in CH2 Contorhaus Hansestadt Hamburg AG, Hamburg, in fiscal year 2017.

Purchased other intangible assets with finite useful lives acquired for consideration are recognized at cost and amortized mainly on a straight-line basis over three years.

Goodwill is not subject to scheduled amortization. An annual impairment test is performed at the level of the cash-generating unit (CGU). If the carrying amount of the CGU is not recoverable, an initial impairment loss is recognized on goodwill. The audit did not result in any need for impairment.

2.9 TANGIBLE FIXED ASSETS

Property, plant and equipment are generally measured at amortized cost less scheduled straight-line depreciation and any impairment losses.

Acquisition costs include all consideration paid to acquire an asset and bring it to an operational condition.

Assets with a limited useful life are depreciated on a straight-line basis. When calculating the amount to be depreciated, a residual value achievable at the end of the useful life is deducted from the acquisition costs, which takes into account the specific characteristics of the asset and is generally derived from market transactions.

Scheduled depreciation is essentially based on the following economic useful lives and residual values; in the case of second-hand assets acquired, depreciation is measured over the residual useful life resulting from the useful lives:

Tangible fixed assets	**Useful life**		**Residual values**	
		EUR	USD	EUR [1]
Technical equipment and machinery	up to 15 years	-	-	-
Standard containers		-	-	-
· 20 foot containers	up to 15 years	-	1,250	1,019
· 40 foot containers	up to 15 years	-	1,550	1,263
· 40 foot high cube containers	up to 15 years	-	1,950	1,589
· 40 foot refrigerated containers	up to 15 years	-	4,500	3,667
Railway carriages		-	-	-
· Freight cars	up to 45 years	740-13.480	-	-
· Overhaul costs	six years	-	-	-
· Wheelsets	up to 27 years	630	-	-
Swap bodies	up to 12 years	500-1.000	-	-
Tank containers [2]	up to 20 years	-	-	-
Operating and office equipment	up to 13 years	-	-	-

1) Translated at the balance sheet date rate of USD/EUR 1.22710

2) The sale of tank containers was completed in October 2019

2.10 LEASES

Since January 1, 2019, leases have been accounted for in accordance with IFRS 16, according to which there is no classification into operating and finance leases for the lessee and all leases are to be recognized in the balance sheet. At the time of the changeover, the Aves Group decided to apply the modified retrospective method within the meaning of IFRS 16.C5 (b) and not to make any retrospective adjustment.

2.11 LEASING RELATIONSHIPS AS LESSEE

Since 1 January 2019, leases have been accounted for in accordance with IFRS 16. IFRS 16 defines a lease as an agreement under which a lessor grants a lessee the right to use an asset for an agreed period of time in return for consideration.

If the Aves Group acts as lessee, it generally records a right of use and a leasing liability in its balance sheet for all leasing relationships. In the Aves Group, the lease liability is measured at the present value of the outstanding lease payments, while the right of use is generally measured at the amount of the lease liability plus any direct costs incurred.

During the lease term, the right of use is amortised on a straight-line basis over the term of the

lease. The lease liability is compounded over the lease term and reduced by the payments made.

The rights of use recognized in the consolidated balance sheet are shown under property, plant and equipment according to the classes of underlying assets.

The Aves Group makes use of the application simplifications granted by the standard with regard to short-term and low-value leasing relationships. Consequently, lease payments from leases with a term of up to twelve months and from leases where the new value of the leased asset does not exceed € 5,000 are recognised as an expense in the income statement.

2.12 LEASING RELATIONSHIPS AS LESSOR

The Aves Group acts as the lessor in several leasing contracts. According to IFRS 16, lessors still have to distinguish between operating and finance leases.

In the case of operating leases - according to which all significant opportunities and risks associated with ownership remain with the lessor - the leasing or rental payments are recorded in the consolidated income statement on a straight-line basis over the term of the leasing contract.

Through its subsidiaries, the Aves Group leases railway wagons, sea containers, swap bodies and real estate under operating leases to a large extent. The leasing contracts with customers are not concluded in the name of the respective Group company, but on behalf of the appointed asset managers, who pass on the income and expenses from this leasing contract to the respective Group companies. From an economic point of view, the leasing contracts are therefore assigned to the subsidiaries of the Aves Group and the accounting treatment is as if they had been concluded in the company's own name.

In the Rail division, there is also no legal leasing of the railway wagons to the asset managers. Rather, they are authorized to conclude rental agreements under their own name on behalf of the respective subsidiary of the Aves Group. Similar constellations exist in the rental agreements for containers and swap bodies, in which the asset managers act as lessors to the outside world, but the companies of the Aves One Group become lessors in economic terms.

Financing through direct investments is generally carried out via purchase, rental and repurchase agreements, in which sea containers and swap bodies are sold to investors under civil law via the financing partners, rented back by them and then bought back at the end of the contract period at a fixed price. Due to the contractual constellation, this process is not to be classified as a sale and the subsidiaries of the Aves Group are therefore not to be classified as lessees.

2.13 FINANCIAL INSTRUMENTS

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. In the case of normal purchases or sales, financial instruments are recognized on the settlement date, i.e. the date on which the asset is delivered.

The classification and measurement of financial assets is determined by the business model operated and the structure of the cash flows.

IFRS 9 divides financial assets into the following categories:

- Financial assets at fair value through profit or loss (FVTPL),
- Financial assets at fair value through profit or loss (FVOCI) and
- Financial assets measured at amortised cost (AC).

Financial liabilities are classified in the following categories:

- Financial liabilities at fair value through profit or loss (FVTPL) and
- Financial liabilities measured at amortised cost (AC).

FINANCIAL ASSETS AND LIABILITIES MEASURED AT AMORTISED COST

Financial assets measured at amortised cost are held within the scope of a business model whose objective is to collect contractual cash flows ("hold" business model). The cash flows of these assets relate exclusively to principal and interest payments on the outstanding principal amount.

The amortised cost of a financial asset or financial liability is the amount of the asset or liability:

- at which a financial asset or financial liability was measured on initial recognition,
- less any repayments,
- taking into account any risk provisions, write-downs for impairment and uncollectability of financial assets, and
- plus or minus the cumulative distribution of any difference between the original amount and the amount repayable at maturity, distributed over the term of the financial asset or financial liability using the effective interest method.

Financial liabilities carried at amortised cost using the effective interest method are liabilities to banks, bondholders, institutional lenders and direct investors. Gains or losses from the development of the amortised cost are recognised in the income statement, including the effects of exchange rate changes. In the case of short-term liabilities (remaining term to maturity of up to one year), no discounting or addition is made for reasons of materiality.

- The financial assets and liabilities measured at amortised cost are
- Trade receivables and payables,
- Other receivables and financial assets and liabilities,
- Financial liabilities and
- Cash and cash equivalents.

IMPAIRMENTS ON FINANCIAL ASSETS

Financial assets are subject to default risks, which are accounted for by recognizing a risk provision or, in the case of losses already incurred, by recognizing an impairment loss. The default risk of receivables is taken into account by recognizing specific valuation allowances and portfolio-based valuation allowances for expected credit losses. In this context, a potential need for value adjustment is assumed not only in the event of various facts such as default of payment over a certain period of time, initiation of compulsory measures, imminent insolvency or overindebtedness, application for or opening of insolvency proceedings or failure of restructuring measures, but also for receivables that are not overdue.

To calculate portfolio-based allowances, non-significant receivables and significant individual receivables without indications of impairment are grouped together into homogeneous portfolios on the basis of comparable credit risk characteristics and broken down by risk class. Average historical default probabilities in conjunction with future-related parameters of the respective portfolio are used to determine the amount of the impairment.

A default with regard to a financial asset is generally assumed if the contracting party has failed to make contractual payments within 60 days of maturity, unless the individual case examination allows a different conclusion.

Financial assets are written off if, based on reasonable assessment, realizability is no longer expected, for example if a debtor refuses to enter into a repayment plan with the Aves Group. The Aves Group generally writes off a loan or receivable if a debtor fails to make contractual payments within 120 days of maturity and the Aves Group does not have a counterclaim. In this case, too, a different assessment may result from a case-by-case examination. If loans or receivables have been written off, the company continues to take enforcement measures in order to still realize the receivable due. Realized amounts are recognized in profit or loss.

Credit default risks must be considered for all financial assets that are measured at amortised cost. The impairment provisions also apply to risks from off-balance sheet irrevocable loan commitments and to the valuation of financial guarantees.

FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

Changes in the value of financial assets measured at fair value are either recognised directly in equity or recognised in the income statement.

In the Aves Group, the category of assets recognised at fair value with no effect on income includes exclusively debt instruments. Changes in fair value are generally recognised directly in equity after taking deferred taxes into account. Financial assets measured at fair value with no effect on income are held within the framework of a business model whose objective is the sale and receipt of contractually agreed cash flows ("hold and sell" business model).

All financial assets that are neither measured at amortised cost nor at fair value through profit or loss fall into the category of financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss relate exclusively to derivatives outside hedge accounting. The fair value generally corresponds to the market or stock exchange value. If no active market exists, fair value is determined, as far as possible, on the basis of other observable input factors. If no observable input factors are available, the fair value is determined using methods of financial mathematics, for example by discounting future cash flows at the market interest rate or by applying recognized option pricing models.

The assets measured at fair value are

- Derivative assets for hedging interest rate risks - with a hedging relationship
- Derivative assets for hedging interest rate risks - without a hedging relationship
- Derivative assets from call options - without hedging relationship.

In the case of current financial receivables and liabilities, the amortised cost is generally equal to the nominal amount or the repayment amount.

The fair value option for financial assets and liabilities is not applied in the Aves Group.

Financial assets and financial liabilities are generally reported at gross value. Offsetting is only carried out if the offsetting of the amounts is legally enforceable by the Aves Group at the present time and there is an actual intention to offset.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Aves Group uses interest rate swaps, interest rate caps and interest rate floors to hedge against interest rate risks and designates and documents interest rate hedges as cash flow hedges if the condi-tions of IFRS 9 for hedge accounting are met. In a cash flow hedge, fluctuations in future cash flows from highly probable forecast transactions or cash flows to be paid or received in connection with a rec-ognised asset or liability are hedged.

The interest rate caps designated as cash flow hedges in the Aves Group have the same conditions as the underlying transaction, i.e. reference interest rate, interest rate adjustment dates, payment dates, maturities and base amount. In both the current and the previous financial year, the essential contractual conditions of the underlying and hedging transactions were identical and such an agreement is also expected for the remaining term of the hedging transactions, so that there is an economic relationship between the underlying and hedging transactions. In addition to the objectives of risk management, the documentation of the hedging relationship also includes the type of hedging relationship, the hedged risk, the description of the hedging instrument and the underlying transaction as well as the assessment of the effectiveness criteria. The effectiveness is reviewed on each balance sheet date.

All interest rate hedging transactions are measured at fair value. Effective changes in the value of the hedging instrument are recognised directly in equity, broken down into changes in the intrinsic value (CFH reserve) and changes in the fair value (deferred costs of the hedging relationship). Changes in the intrinsic value are only reclassified to profit and loss when the underlying transaction is realized. The changes in value in relation to the fair value are appropriately recognized in income over the term of the underlying transaction. The ineffective portion of cash flow hedges is immediately recognized in profit or loss.

As the underlying transaction, in contrast to the interest rate cap or interest rate floor, usually does not contain a fair value component that could compensate for the changes in value of the fair value component of the hedging instrument, ineffectiveness may arise in the economic relationship between the underlying and hedging transaction. Significant changes in the default risk of the Aves Group or the contracting party of the hedging transaction can also lead to ineffectiveness.

Derivatives that do not meet the strict criteria of IFRS 9 regarding the application of hedge accounting are classified as financial assets at fair value through profit or loss. In the Aves Group, this relates to

- early termination options from bonds,
- a portion of an interest rate cap for which no hedging relationship could be established with the underlying transaction,
- an interest rate cap, which is of minor importance for the Aves Group in terms of amount,
- a portion of an interest rate swap for which no hedging relationship with the underlying transaction could be established and
- a portion of an interest floor for which no hedging relationship with the underlying transaction could be established.

2.14 INVENTORIES

Inventories are carried at the lower of cost or net realizable value. The net realizable value is the estimated ordinary selling price less the necessary variable costs to sell. Inventories of the same type are valued using the average cost method.

2.15 TRADE ACCOUNTS RECEIVABLE

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business. If they are expected to be realised within twelve months of the balance sheet date (or within the normal business cycle, if this is longer), the receivables are classified as current. Otherwise, they are classified as non-current.

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment losses.

2.16 LIQUID FUNDS

In the balance sheet and cash flow statement, liquid funds encompass cash at bank and in hand, other highly liquid short term financial assets with an initial maturity of not more than three months, from which overdrafts are deducted where applicable. Liquids funds with restricted use are separately recognised in the balance sheet in other assets and prepayments, since the liquidity criterion is not met there.

2.17 EQUITY

Debt and equity instruments issued by a group company are classified according to the economic content of the contractual agreement and the definitions according to IAS 32 financial liabilities or equity.

Equity instruments are recorded at market value at the time they are issued, less directly attributable capital procurement costs. Capital procurement costs are those costs that would not have been incurred without the issue of the equity instrument.

Buybacks of own equity instruments are deducted directly from equity. Neither the purchase, sale, issue or withdrawal of own equity instruments are recognized in profit or loss.

For more detailed explanations on the accounting for hybrid capital, please refer to section 7.11.

2.18 TRADE ACCOUNTS PAYABLES

Trade accounts payable are payment commitments for goods and services obtained in the normal course of business They are classified as current liabilities if the payment obligation falls due within twelve months of the balance sheet date or within the normal business cycle, if this is longer. Otherwise, trade payables are accounted for as long-term liabilities.

Trade accounts payable are initially recorded at attributable fair value net of associated transaction costs. They are subsequently valued at amortized value applying the effective interest method.

2.19 FINANCIAL LIABILITIES

Financial liabilities are initially recorded at attributable fair value net of associated transaction costs. They are subsequently valued at amortized value. Any difference between the payment amount minus any transaction costs and the repayment amount is recognized in the consolidated income statement over the term using the effective interest method.

2.20 PROVISIONS FOR PENSIONS AND SIMILAR COMMITMENTS

A defined contribution plan is in place to provide retirement benefits for staff members. In the case of a defined contribution plan, the business pays contributions to social security bodies or private pension funds on the basis of statutory requirements or contractual obligations. No obligations exist for the business in addition to the payment of the contributions.

2.21 CURRENT AND DEFERRED TAXES

The tax charge for the period comprises ongoing current taxes and deferred taxes. Taxes are recorded in the statement of profit or loss, unless they relate to items recorded directly in equity or in other comprehensive income. In such cases, the taxes are also recorded in equity or in other comprehensive income.

Current tax costs are determined on the basis of the tax provisions in force at the balance sheet date (or to be in force shortly thereafter) in the respective country of taxation. Management regularly reviews tax returns, in particular with reference to matters subject to interpretation, and accounts for balances receivable or to be accrued based on the balances expected to be receivable from or payable to the tax authorities. Current tax assets and liabilities are disclosed net where a legal right of offset exists and it is intended to settle the net amount or to apply the proceeds of a tax claim immediately to settle a corresponding liability.

Deferred taxes are in principle accounted for with respect to all temporary differences between the tax base of assets and liabilities and their carrying values in the IFRS financial statements. However, if – with the exception of the case of the acquisition of a business – a deferred tax effect arises from the initial recognition of an asset or liability, which at the time of the transaction had an effect neither on the balance sheet or tax profit or loss, no deferred tax is recorded either at the time of the transaction or subsequently. Deferred taxes are calculated at the tax rates (and regulations) in force at the balance sheet date (or to be in force shortly thereafter based on passed legislation) and which are expected to be in force at the time of the realization of the deferred tax assets or the settlement of the deferred tax liabilities.

Deferred tax assets from loss carryforwards or from temporary differences are generally recognised if sufficient positive taxable income is probable. If, on the other hand, there is a history of losses, they are only capitalized if there are sufficient taxable temporary differences or if there are substantial indications of taxable income in the next five years.

Deferred tax assets or liabilities resulting from temporary differences with respect to shares in subsidiaries or associated undertakings are recognised, unless the timing of the reversal can be determined by the Group and it is probable that no reversal of the temporary differences will take place in the foreseeable future.

As a rule, the Group has no influence over the timing of the reversal in the case of associated undertakings.

Deferred tax assets and liabilities are in general offset to the extent they relate to the same tax authority and fall due simultaneously.

2.22 OTHER ACCRUALS

Other provisions are recognized for uncertain legal and constructive obligations to third parties, the occurrence of which is likely to result in an outflow of resources. They are carried at the expected settlement amount, taking into account all identifiable risks, and are not offset against recourse claims. The valuation is based on the best possible estimate of the current obligation discounted to the balance sheet date.

As of December 31, 2020, there were no provisions for uncertain obligations.

3 USE OF ESTIMATES AND ASSUMPTIONS

3.1 SIGNIFICANT ESTIMATES AND ASSUMPTIONS

In connection with the preparation of Group Financial Statements applying the IFRS adopted by the EU, management is required to make certain assumptions in the context of the application of valuation and accounting methods. Estimates and assumptions have to be made that can affect the valuation of the assets and liabilities recognized as well as the amount of income and expenses.

Although these estimates are made to the best of our knowledge and considering the current course of business, the amounts actually realized may differ from the estimates.

Estimates and assumptions which are likely to give rise to a significant risk that material corrections to the value of carrying values of assets and liabilities are summarized in the following section.

3.2 BAD DEBT PROVISION FOR TRADE ACCOUNTS RECEIVABLE

Trade receivables are carried at the invoiced amount and are not interest-bearing due to their short remaining term. A value adjustment for doubtful receivables is based on the best possible estimate of the potential loss of receivables.

In order to determine allowances, management makes assumptions based on the creditworthiness and payment behaviour of customers in the past and also relies on information provided by asset managers. The Aves Group reviews the allowance for doubtful accounts at least quarterly. The receivables are written off against the allowance after all possibilities for collection have been exhausted and the chance of payment is considered remote. Actual losses may differ from the estimated values.

Value adjustments of trade receivables are partly carried out using value adjustment accounts. Whether a default risk is recorded via an allowance account or directly by writing off the receivable depends on how high the probability of default is estimated and how reliably the default risk can be assessed.

In principle, the bad debt losses rate in the Aves Group is very low. Among other things, this is due to the fact that the default risk is partially covered by the asset manager or that the lessees are regularly large and well-known industrial or logistics companies, so that there are hardly any cases of insolvency. Against this background, the net expense for impairment charges on trade receivables in the 2020 financial year is EUR 328 thousand (previous year: EUR 502 thousand), which in relation to sales of EUR 123,850 thousand (previous year: EUR 116,778 thousand) represents an impairment ratio of 0.26% (previous year: 0.43%) and is therefore lower than in the previous year.

3.3 AMOUNTS WRITTEN OFF FOR TANGIBLE FIXED ASSTES

The purchase costs of tangible fixed assets are depreciated on a linear basis over the expected useful life of the respective asset reflecting an estimated residual value at the end of the useful life of the asset.

Management estimates the useful lives and residual values as described in section 2.9. Changes in the degree of utilisation and technical developments can influence the useful lives and residual values of these assets. Therefore, adjustments to future depreciation amounts may arise.

The recoverability of the cash-generating units is being monitored on an ongoing basis. For information of the impairment test, please refer to section 2.7.

3.4 IMPAIRMENT TEST

Potential impairment tests for intangible (including goodwill) or tangible fixed assets require assumptions to be made as to future cash flows during the budget period and in some cases subsequent periods as well as to the discount rate to be applied. These assumptions require assessments concerning the extent and probability of future events resulted in consideration of information based on past figures as far as possible. All required data are based on management´s best estimate of the expected group development. For details regarding the respective impairment tests performed and the associated assumptions, please refer to the respective explanations on the balance sheet items.

3.5 CUT OFF PROCEDURES FOR EXPENDITURE AND INCOME FOR THE RENTAL BUSINESS

The Aves Group employs external service providers to manage and bill the rental business - especially in the rail and container sectors. With a time lag of up to 45 days, the service providers prepare statements for sales revenues and expenses from the rental of the assets. Against this background, estimates of outstanding sales revenues and expenses for the months of November and December (sea container division) are necessary as of December 31 of each fiscal year, which are made on the basis of empirical values from the past. In particular, the following are included in the estimates:

- Number of units rented out
- Unit rent per day
- Number of days in each month
- Average utilisation
- Operating costs per unit and day
- Management fee on rental surplus.

3.6 RECOGNITION AND VALUATION OF DEFERRED TAX ASSETS

In connection with the determination of deferred tax assets, estimates need to be made with respect to future taxable earnings as well as the timing of the realisation of the deferred tax assets. In this context, budgeted operational earnings, the reversal effect of temporary differences with a tax effect as well as realizable tax strategies are taken into account. As future business developments are uncertain and partly beyond the control of the Group, the assumptions to be made in connection with the determination of deferred tax assets are inherently subject to considerable uncertainty. At each balance sheet date, the carrying values of deferred tax assets are reassessed on the basis of budgeted taxable earnings for future tax years; to the extent that future tax benefits will not be partially or fully realizable with a probability of more than 50 %, an impairment write-down of deferred tax assets is made as appropriate. In the case of companies with tax losses in previous years, deferred tax assets are only capitalized if sufficiently strong evidence that they will be utilizable in the next five years exist.

4 SCOPE OF CONSOLIDATION FOR THE FISCAL YEAR 2020

In addition to Aves One AG, Hamburg, including two companies accounted for using the equity method, a total of 54 subsidiaries (previous year: 70) have been included in the consolidated financial statements for the 2020 financial year. The scope of consolidation as of 31 December 2020 includes the following companies:

Number	Name and headquarters of the company	Share in %	
	Fully consolidated entities	**31/12/2020**	**31/12/2019**
	Holding		
1	Aves One AG, Hamburg	n/a	n/a
2	BSI Logistics GmbH, Hamburg	0.0	100.0
3	CH2 Contorhaus Hansestadt Hamburg AG, Hamburg	100.0	100.0
4	CH2 Logistica Portfolioverwaltung GmbH & Co. KG, Hamburg	100.0	100.0
5	CH2 Logistica No. 2 Asset GmbH, Hamburg	100.0	100.0
6	CH2 Datentreuhand GmbH, Hamburg	100.0	100.0
7	Aves Transport 1 GmbH & Co. KG, Hamburg	100.0	100.0
8	Aves Transport 2 GmbH & Co. KG, Hamburg	100.0	100.0
9	Aves Storage Verwaltungs GmbH, Hamburg	0.0	100.0
10	Aves Storage GmbH & Co. KG, Hamburg	0.0	100.0
11	Aves Logistik Immobilien Verwaltungs GmbH, Hamburg	100.0	100.0
12	Aves Logistik Immobilien GmbH & Co. KG, Hamburg	100.0	100.0
13	Aves LI Alsdorf Holding GmbH & Co. KG, Hamburg	100.0	100.0
14	Aves LI Alsdorf Betriebs GmbH, Hamburg	94.9	94.9
	Container		
15	Aves Asset Holding GmbH, Hamburg (formerly: BSI Blue Seas Investment GmbH, Hamburg)	100.0	100.0
16	BSI Asset GmbH, Hamburg	0.0	100.0
17	BSI Regulierte Direktinvestment II GmbH & Co. KG, Hamburg	0.0	100.0
18	BSI Blue Seas Direktinvestment I GmbH & Co. KG, Hamburg	0.0	100.0
19	BSI Direktinvestment II GmbH & Co. KG, Hamburg	0.0	100.0
20	BSI Direktinvestment III GmbH & Co. KG, Hamburg	0.0	100.0
21	BSI Direktinvestment Verwaltungs GmbH	0.0	100.0
22	BSI Logistics II GmbH & Co. KG, Hamburg	100.0	100.0
23	BSI Zweite Verwaltungs GmbH, Hamburg	100.0	100.0
24	BSI Logistics III GmbH & Co. KG, Hamburg	0.0	100.0
25	BSI Dritte Verwaltungs GmbH, Hamburg	0.0	100.0
26	BSI Logistics IV GmbH & Co. KG, Hamburg	100.0	100.0
27	BSI Vierte Verwaltungs GmbH, Hamburg	100.0	100.0
28	BSI Logistics V GmbH & Co. KG, Hamburg	0.0	100.0
29	BSI Fünfte Verwaltungs GmbH, Hamburg	100.0	100.0
30	BSI Logistics VI GmbH & Co. KG, Hamburg	100.0	100.0
31	BSI Sechste Verwaltungs GmbH, Hamburg	100.0	100.0
32	BSI Logistics VII GmbH & Co. KG, Hamburg	0.0	100.0
33	BSI Siebte Verwaltungs GmbH, Hamburg	0.0	100.0

Number	Name and headquarters of the company	Share in %	
34	BSI Logistics VIII GmbH & Co. KG, Hamburg	100.0	100.0
35	BSI Achte Verwaltungs GmbH, Hamburg	100.0	100.0
36	BSI Logistics IX GmbH & Co. KG, Hamburg	100.0	100.0
37	BSI Blue Seas Resale GmbH, Hamburg	100.0	100.0
38	Aves Special Equipment Management GmbH, Hamburg	100.0	100.0
39	Aves Special Equipment Holding GmbH & Co. KG, Hamburg	100.0	100.0
40	Aves Special Equipment I GmbH & Co.KG, Hamburg	100.0	100.0
41	Aves Special Equipment I Verwaltungs GmbH, Hamburg	100.0	100.0
42	Aves Special Equipment II GmbH & Co. KG, Hamburg	100.0	100.0
43	Aves Special Equipment Zweite Verwaltungs GmbH, Hamburg	100.0	100.0
44	Aves Special Equipment III GmbH & Co. KG, Hamburg	100.0	100.0
45	Aves Special Equipment IV GmbH & Co. KG, Hamburg	100.0	100.0
46	Aves Special Equipment V GmbH & Co. KG, Hamburg	100.0	100.0
47	Aves Special Equipment VI GmbH & Co. KG, Hamburg	100.0	100.0
	Rail		
48	ARHA Invest GmbH, Perchtoldsdorf, Österreich	100.0	100.0
49	Aves Rail Rent GmbH, Perchtoldsdorf, Austria	100.0	100.0
50	Aves Rail Equipment Holding GmbH & Co. KG, Hamburg (formerly: Aves Rail Equipment Holding GmbH, Hamburg)	100.0	100.0
51	Aves Rail Junior I Verwaltungs GmbH, Hamburg	100.0	100.0
52	Aves Rail Junior I GmbH & Co. KG, Hamburg	100.0	100.0
53	Aves Rail Equipment I GmbH & Co. KG, Hamburg	0.0	100.0
54	Aves Rail Equipment Verwaltungs GmbH, Hamburg	100.0	100.0
55	Aves Rail Equipment II GmbH & Co. KG, Hamburg	100.0	100.0
56	Aves Rail Equipment Zweite Verwaltungs GmbH, Hamburg	100.0	100.0
57	Aves Rail Equipment III GmbH & Co. KG, Hamburg	100.0	100.0
58	Aves Rail Equipment Dritte Verwaltungs GmbH, Hamburg	100.0	100.0
59	Aves Rail Equipment IV GmbH & Co. KG, Hamburg	100.0	100.0
60	Aves Rail Equipment Vierte Verwaltungs GmbH, Hamburg	100.0	100.0
61	Aves Eins GmbH, Perchtoldsdorf, Austria	100.0	100.0
62	Aves Rail Rent Hamburg GmbH & Co. KG, Hamburg	100.0	100.0
63	Aves Rail Rent Verwaltungs GmbH, Hamburg	100.0	100.0
64	Aves Schienenlogisitk 1 GmbH & Co. KG, Hamburg	100.0	100.0
65	Aves Eisenbahn 1 GmbH & Co. KG, Hamburg	0.0	100.0
66	Aves Rail Junior III GmbH & Co. KG	100.0	100.0
67	Aves Rail Junior III Second GmbH & Co. KG, Hamburg	100.0	100.0
68	Aves Rail Equipment V GmbH & Co. KG, Hamburg	100.0	100.0
69	Aves Rail Equipment Fünfte Verwaltungs GmbH, Hamburg	100.0	100.0
	Companies accounted for using the equity method		
70	BSI CONICAL Container GmbH, Hamburg (Segment Container)	51.0	51.0
71	H2S Holzhafen Service GmbH, Hamburg	25.0	25.0

(A) SUBSIDIARIES

Aves Storage Verwaltungs GmbH, Hamburg, was sold dated on February 29, 2020 and has since been removed from the scope of consolidation.

Aves Rail Equipment I GmbH & Co. KG, Hamburg, was dissolved in September 2020 after the entire inventory of freight wagons was sold to Aves Rail Rent GmbH, Perchtoldsdorf, Austria, in June 2020.

In December 2020, the name of the former BSI Blue Seas Investment GmbH, Hamburg, was changed to Aves Asset Holding GmbH, Hamburg. In addition, the name of the former Aves Rail Equipment Holding GmbH, Hamburg, was changed to Aves Rail Equipment Holding GmbH & Co. KG, Hamburg as part of the change of legal form.

Moreover, further corporate restructuring of the sea container segment took place in the 2020 financial year in order to reduce the complexity of the organizational structure. In the course of this, the following direct and indirect subsidiaries were accepted as the legal entity taking over by Aves Asset Holding GmbH by way of legal transformation measures.

- Aves Storage GmbH & Co. KG, Hamburg
- BSI Asset GmbH, Hamburg
- BSI Direktinvestment Verwaltungs GmbH, Hamburg
- BSI Blue Seas Direktinvestment I GmbH & Co. KG, Hamburg
- BSI Blue Seas Direktinvestment II GmbH & Co. KG, Hamburg
- BSI Blue Seas Direktinvestment III GmbH & Co. KG, Hamburg
- BSI Logistics III GmbH & Co. KG, Hamburg
- BSI Logistics V GmbH & Co. KG, Hamburg
- BSI Logistics VII GmbH & Co. KG, Hamburg
- BSI regulierte Direktinvestment II GmbH & Co. KG, Hamburg
- BSI Dritte Verwaltungs GmbH
- BSI Siebte Verwaltungs GmbH

BSI Logistics GmbH, Hamburg, held 100% of the shares in Aves Asset Holding GmbH until December 2019. Aves One AG has been the sole shareholder since 2020, as BSI Logistics GmbH, Hamburg was merged with Aves Asset Holding GmbH retrospectively as of January 1, 2020. In the course of the merger of BSI Logistics GmbH with Aves Asset Holding GmbH, the assets of Aves Eisenbahn 1 GmbH & Co. KG, Hamburg, were transferred to Aves Asset Holding GmbH as part of the accrual.

(B) ASSOCIATED COMPANIES

Two companies were included in the Aves Group as associated companies during the year. They are or were reported in accordance with the equity method.

BSI CONICAL Container GmbH

BSI CONICAL Container GmbH, Hamburg, was founded on May 19, 2015 by the two shareholders, BSI Blue Seas Resale GmbH, Hamburg, and CONICAL Container Industrie Consulting-Agentur und -Leasing GmbH, Hamburg, who originally each of them held a 50% interest.

The object of the company is the acquisition, trading, leasing and management of means of transport and mobile residential units, in particular containers, in its own name and for its own account.

With share purchase agreement dated 30 December 2015, BSI Blue Seas Resale GmbH acquired an additional one percent share in the capital of BSI CONICAL Container GmbH from CONICAL Container Industrie Consulting-Agentur und -Leasing GmbH. At the same time, the articles of association were also amended, which now provide for a majority of 60% for shareholder resolutions, unless a larger majority is required by law or the articles of association. Due to the lack of control, the company is therefore still not fully consolidated. The company is currently in liquidation.

The investment in BSI CONICAL was allocated to the "Container" segment in line with the previous year. See also the information on segment reporting in Section 5.

H2S Holzhafen Service GmbH

H2S Holzhafen Service GmbH, Hamburg, founded by contract dated March 6, 2019, in which the Aves Group acquired a 25% share, is included in the consolidated financial statements of Aves One AG using the equity method, as in the previous year.

The object of the company is the provision of commercial and IT-related services.

The investment in H2S Holzhafen Service GmbH is allocated to the "Holding" segment. See also the information on segment reporting in section 5.

5 SEGMENT REPORTING

5.1 COMMENTS ON THE SEGMENTS

The segmental reporting of the Aves Group is in accordance with the requirements of IFRS 8 Operating Segments. The subdivision of the Group into segments is based on the internal management of the business. The individual business and business elements are attributed to segments solely in accordance with economic criteria regardless of their legal participation structure. The accounting and valuation policies applied within the segments are consistent with those of the Group. Sales and EBITDA of the respective segment are the key performance indicators applied in principle for the management of the Segments.

The reporting on the operating segments is presented in a manner which is consistent with the internal reporting processes to the chief operating decision maker. The chief operating decision maker is responsible for the allocation of resources to the business segments as well as the valuation of their profitability. The chief operating decision maker was identified as the management board of Aves One AG, as this makes or made the respective strategic decisions.

In accordance with internal corporate management, segment reporting consists of two reportable segments:

- Rail
- Container (sea containers, swap bodies)

All administrative and overhead costs and central services are combined in the segment reporting in a reconciliation item to the Group under "Holding activities", irrespective of the company in which they were incurred within the framework of the corporate structure.

Rail

The Rail segment includes the leasing of freight cars such as tank cars (chemical, petroleum, and compressed gas tank cars), flat cars (including steel transport cars, container wagons, double pocket cars, and wood transport cars), open cars, covered cars, and special cars. Both technical and commercial management will continue to be handled by the asset managers ERR Duisburg and Wascosa.

Container

The Container segment comprises the leasing of sea containers - dry containers in the 20-foot, 40-foot and 40-foot high cube variants and reefer containers in the 40-foot variant, with technical and commercial management being performed by various external service providers. This segment also includes the leasing of swap bodies to logistics companies in the courier, express and parcel market, among others. Here, too, management is carried out by external service providers.

Holding activities

The structure of the Aves Group requires cost allocations between the individual segments. These include administrative services by the holding companies. These services are valued at cost plus a mark-up to establish arm's length principle (cost plus method). The upper limit for transfer prices is the market price to be applied for the service.

5.2 COMMENTS ON THE SEGMENT DATA

Segment management by the Management Board of Aves One AG is generally based on revenues and EBITDA for the respective segment. EBIT and EBT are also used as supporting control and monitoring parameters for value-oriented corporate management. The definition of the financial indicators can be found in section 1.2.

The financial result includes interest income and expenses, currency effects to the extent that they are attributable to financing transactions, ancillary financing costs, and income and expenses from valuation effects of financial instruments within and outside hedge accounting.

The key financial indicators of net sales, EBITDA, EBIT and EBT are presented adjusted for holding company allocations, as these are not part of segment management and are regularly affected by special factors.

These allocations, which result in income for the holding companies and expenses for the individual companies concerned, are also not included in the consolidated statement of comprehensive income, as they are eliminated as part of the consolidation of income and expenses.

In addition, EBT adjusted for currency effects from financial receivables and liabilities is stated ("EBT adjusted").

All sales are generated by Group companies based in the European Union. The revenues of the "Rail" segment are mainly generated by investments domiciled in Austria. In addition, all sales revenues result from companies based in Germany. The Aves Group has contracted external asset managers to manage its assets, including the leasing of assets. Due to the asset manager structure, the necessary disclosures according to IFRS 8.33 are not available to the Aves Group and can only be determined with disproportionate effort.

The Rail business is conducted almost exclusively in the DACH region. With regard to sea containers, the container business cannot be segmented by country due to the worldwide use of each individual container. There is therefore no management by region.

5.3 KEY FIGURES BY SEGMENT

Based on the internal reporting system, the segments for the financial year ended 31 December 2020 are as follows (all figures in TEUR):

	Reporting segments			Reconciliation to the Group		
in EURk	Container	Rail	Total	Holding activities	Consolidation	Group
Sales						
External sales	34,718	83,904	118,622	6,796	-1,568	123,850
Intersegment sales	2,331	0	2,331	5,028	-7,359	0
Total sales	37,049	83,904	120,953	11,824	-8,927	123,850
Change in inventories of finished goods and work in progress	0	0	0	-3,063	0	-3,063
Cost of materials	-6,480	-16,564	-23,044	12	18	-23,014
Personnel expenses	0	-262	-262	-4,544	0	-4,806
Result from investments accounted for using the equity method (net of tax)	0	0	0	6	0	6
Other operating income and expenses	-6,957	-1,229	-8,186	-2,957	-30	-11,173
Not included: Internal holding company allocation	-2,870	-4,231	-7,101	0	7,101	0
EBITDA excl. holding allocations	**23,612**	**65,849**	**89,461**	**1,278**	**-8,939**	**81,800**
EBITDA excl. holding allocations	**20,742**	**61,618**	**82,360**	**1,278**	**-1,838**	**81,800**
Amortization, depreciation and impairment of intangible and tangible assets	-46,091	-25,612	-71,703	-454	0	-72,157
EBIT excl. holding allocations	**-22,479**	**40,237**	**17,758**	**824**	**-8,939**	**9,643**
Interest result	-21,614	-23,251	-44,865	316	972	-43,577
Currency effects on financial receivables and financial liabilities	-18,021	0	-18,021	0	183	-17,838
Financing secondary costs	-2,178	-8	-2,186	0	0	-2,186
Other financial result	-3	114	111	-275	3	-161
Financial result	**-41,816**	**-23,145**	**-64,961**	**41**	**1,158**	**-63,762**
EBT excl. holding allocations	**-64,295**	**17,092**	**-47,203**	**865**	**-7,781**	**-54,119**
EBT adjusted, excl. holding allocations	**-46,274**	**17,092**	**-29,182**	**865**	**-7,964**	**-36,281**
Taxes on income and profit	2,038	-5,209	-3,171	-548	877	-2,842
Earnings after tax	**-65,127**	**7,652**	**-57,475**	**317**	**197**	**-56,961**
Total assets	**191,369**	**771,268**	**962,637**	**188,458**	**-129,523**	**1,021,572**
Additions to non-current assets	6,485	114,367	120,852	464	0	121,316
Tangible fixed assets	**195,252**	**739,258**	**934,510**	**1,319**	**-374**	**935,455**
Total liabilities	**310,821**	**745,653**	**1,056,474**	**107,701**	**-156,645**	**1,007,530**

The segmentation for the previous year is as follows:

	Reporting segments			Reconciliation to the Group		
in EURk	Container	Rail	Total	Holding activities	Consolidation	Group
Sales						
External sales	39,439	76,119	115,558	4,683	-3,463	116,778
Intersegment sales	16	8	24	6,422	-6,446	0
Sales (total)	39,455	76,127	115,582	11,105	-9,909	116,778
Change in inventories of finished goods and work in progress	0	0	0	0	0	0
Cost of material	-5,215	-14,981	-20,196	-11	14	-20,193
Personnel expenses	-13	-492	-505	-4,575	535	-4,545
Result from investments accounted for using the equity method (net of tax)	0	0	0	-3	0	-3
Other operating income and expenses	-4,311	-1,931	-6,242	-11,308	10,113	-7,437
Not included: Internal holding company allocation	-1,849	-3,908	-5,757	6,422	-665	0
EBITDA excl. holding allocations	**29,916**	**58,723**	**88,639**	**-4,793**	**753**	**84,600**
EBITDA incl. holding allocations	**28,067**	**54,815**	**82,882**	**1,629**	**88**	**84,600**
Depreciation	-13,068	-19,444	-32,512	-392	0	-32,904
EBIT excl. holding allocations	**16,848**	**39,279**	**56,127**	**-5,185**	**753**	**51,695**
Interest result	-20,536	-19,376	-39,912	661	-5	-39,256
Currency effects on financial receivables and financial liabilities	3,494	0	3,494	0	-93	3,401
Financing secondary costs	-1,273	0	-1,273	0	0	-1,273
Other financial result	0	-65	-65	0	0	-65
Financial result	**-18,315**	**-19,441**	**-37,756**	**661**	**-99**	**-37,194**
EBT excl. holding allocations	**-1,467**	**19,838**	**18,371**	**-4,524**	**655**	**14,502**
EBT adjusted, excl. holding allocations	**-4,968**	**19,838**	**14,870**	**-4,524**	**755**	**11,101**
Taxes on income and profit	1,599	-2,777	-1,178	-1,372	0	-2,550
Earnings after tax	**-1,717**	**13,153**	**11,436**	**526**	**-10**	**11,952**
Total assets	**306,094**	**719,500**	**1,025,594**	**132,964**	**-122,351**	**1,036,207**
Additions to non-current assets	24,788	131,693	156,481	1,728	0	158,209
Fixed assets	**270,987**	**652,037**	**923,024**	**1,623**	**-320**	**924,327**
Total liabilities	**333,180**	**695,688**	**1,028,868**	**65,495**	**-99,801**	**994,562**

6 NOTES TO THE CONSOLIDATED INCOME STATEMENT

(1) SALES REVENUES

in EURk	2020	2019
Segment Container		
Rental	34,658	37,073
Other sales	2,391	2,382
	37,049	39,455
Segment Rail		
Rental	83,766	76,010
Other sales	138	117
	83,904	76,127
Holding		
Other sales	11,824	11,105
	11,824	11,105
Consolidation		
Other sales	-8,927	-9,909
	-8,927	-9,909
Total	**123,850**	**116,778**

The Aves Group was able to increase its sales revenues to EURk 123,850 (previous year: EURk 116,778) in the year under review. Revenues include proceeds of EURk 3,394 from the sale of the last logistics property. The growth in sales, adjusted for the proceeds from the sale of the property, is mainly due to the strong investment activity in the previous year and the related sales effects for the entire reporting period, as well as the investments made in the course of the fiscal year, primarily in the Rail division.

Sales in the core Rail segment increased by 10.2% in the reporting period. Capacity utilization was slightly down on the previous year, but is still at a stable, high level. The average rental rate increased slightly in the reporting period.

While revenue from swap bodies increased, rental revenue from sea containers decreased, mainly due to a reduction of around 23,000 TEU in the number of sea containers. In addition, however, rental price reductions, which could only be concluded at lower conditions in the context of pending lease extensions, particularly against the backdrop of the COVID-19 pandemic and the market power of the shipping companies, as well as currency effects contributed to a decline in revenues in the sea container area. Other sales mainly include EURk 2,331 in charges to Group companies.

(2) CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS

Changes in inventories amounted to EURk -3,063 as of December 31, 2020 (previous year: EURk 0) and resulted entirely from the sale of the logistics property.

(3) OTHER OPERATING INCOME

in EURk	2020	2019
Income of derecognition of accrued liabilities	748	535
Income from reimbursement claims	282	86
Exchange rate gains	279	331
Income from the reduction/reversal of specific valuation allowances on receivables	5	3
Income legal disputes SLI	0	565
Income from asset management agreements undertaking assessed at equity	0	450
Gains from the sale/disposal of investment property	0	191
Gains from the sale/disposal of property, plant and equipment	0	25
Other	177	381
Total	**1,491**	**2,567**

Income from reimbursement claims relates in the amount of EURk 180 (previous year: EURk 20) to claims against workshops for excessively long idle times in connection with inspection activities and in the amount of EURk 102 (previous year: EURk 66) to receivables from customers for the irregular wear and tear of freight cars by customers.

Other income mainly includes costs charged on in the amount of EURk 129 (previous year: EURk 165) and income from the charging of other services rendered.

(4) COST OF MATERIAL / COST OF PURCHASED SERVICES

in EURk	2020	2019
Cost of purchased services	**23,014**	**20,193**

As in the previous year, the cost of materials comprises almost exclusively expenses for purchased services invoiced to the respective subsidiaries of the Aves Group by the appointed asset managers as part of commercial and operational management in the Rail and Container divisions. This also includes reimbursements for maintenance and repair costs incurred and for storage costs relating to temporarily unrented assets.

Overall, the margin ((sales less cost of materials)/sales), excluding the non-recurring income from the sale of real estate, decreased from 82.7 % in the previous year to 80.9 % in the reporting year. The margin for the core rail segment was maintained at the previous year's level of 80.3 % (previous year: 80.3 %). In terms of rental revenues, the margin for the container segment fell to 81.3 % (previous year: 85.9 %). In addition to slight declines in capacity utilization, increased maintenance measures of EURk 1,039, which were undertaken to strengthen the swap body portfolio, contributed to the reduction in the margin.

(5) PERSONNEL COSTS

in EURk	2020	2019
Wages and salaries	4,190	3,961
Costs for social security and retirement benefits	616	584
thereof retirement benefits	198	181
Total	**4,806**	**4,545**

At 44 employees, the average number of employees in 2020 is at the same level as in fiscal 2019. Please refer to section 12.4 for information on employee numbers.

Pension expenses include current contributions to defined contribution plans and to the German pension insurance scheme.

(6) OTHER OPERATING COSTS

in EURk	2020	2019
Losses on disposal/derecognition of fixed assets	5,819	3,446
Fees, charges, advisory costs	2,416	2,176
Insurance	868	433
IT costs	411	236
Sales and representation costs	399	1,080
Additions to specific bad debt provisions	455	430
Exchange losses	392	9
Third party services	312	431
Rent/leases	196	272
Travel expenses	69	173
Vehicle related costs	70	92
Additions to expected credit losses	2	75
Other costs	1,255	1,151
Total	**12,664**	**10,004**

Losses on the disposal of non-current assets of EURk 5,063 (previous year: EURk 2,828) resulted mainly from the sale of comparatively less profitable sea containers, the sale of which was accelerated in the reporting year for economic reasons.

Consulting expenses increased slightly and mainly include general consulting expenses in connection with portfolio extensions/acquisitions, financing and refinancing, some of which were not classified as incidental acquisition or financing expenses. This item also includes increased annual financial statement and audit costs, as well as costs for capital market consulting and consulting services in connection with mergers and acquisitions to reduce the complexity of the organizational structure.

The increase of EURk 435 in insurance costs is mainly attributable to the Rail segment.

IT costs increased due to higher IT consulting services in the amount of EURk 162 (prior year: EURk 24) and additional maintenance costs for additional software in the amount of EURk 52 (prior year: EURk 4).

Selling and entertainment expenses are mainly attributable to the sales activities of the subsidiary CH2 AG in connection with the procurement of financing, primarily by issuing bonds. The decrease of EURk 449 is mainly due to higher expenses incurred in the previous year in connection with the placement of direct investments.

Expenses for specific valuation allowances are at the level of the previous year and relate, at EURk 354, to a risk provision made in respect of a receivable of Aves Rail Rent GmbH, Perchtoldsdorf.

The reported exchange rate losses result predominantly from the valuation of euro receivables and liabilities arising from the operating business, which are accounted for at the subsidiaries using the functional currency US dollar. Exchange rate effects relating to financing activities are reported in net financial result.

The development of all other components was essentially disproportionately low compared with the growth of the Group.

(7) SHARE IN PROFIT AND LOSS OF COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD, AFTER TAXES

in EURk	2020	2019
Share in profit and loss of companies accounted for using the equity method, after taxes	6	-3
	6	-3
thereof BSI Conical	0	0
Total	**6**	**-3**

The share of profits of companies accounted for using the equity method improved by EURk 9 to EURk 6. H2S Holzhafen Service GmbH, Hamburg, mainly provides IT services for Aves.

BSI Conical continues to be carried at an investment of EUR 0 due to cumulative past losses. The company is in liquidation and no further income from this investment is expected. There is no obligation to make additional contributions to the company's losses.

(8) DEPRECIATIONS

The following table illustrates the depreciation, amortization and impairment of fixed assets.

in EURk	2020	2019
Impairment write-downs and amortization and depreciation on intangible fixed assets and tangible fixed assets	487	84
thereof impairment write-downs	227	0
	71,650	32,820
thereof impairment write-downs	33,038	0
Total	**72,137**	**32,904**

Depreciation and impairments on intangible assets and property, plant and equipment relate to TEUR 33,038 (previous year TEUR 0) of unscheduled depreciation of the sea container inventory to the recoverable amount. In addition, impairment losses of TEUR 227 (previous year TEUR 0) were recognized on intangible assets. For an explanation of the impairment test, please refer to section 2.7.

The increase in scheduled depreciation is in line with the increased asset volume as well as the complete annual depreciation of the investments that were added in the previous year during the course of the financial year.

No changes were made to the useful lives or residual values compared with the previous year.

(9) FINANCIAL RESULT (NET)

in EURk	2020	2019
Interest income	**80**	**155**
Other interest and similar income	75	155
Income from the valuation of interest rate derivatives	5	0
Interest expenses	**-43,657**	**-39,411**
Other interest and similar expenses	-35,798	-34,065
Interest result from unwinding discount on non-current liabilities	-7,755	-5,230
Interest expenses from lease liabilities	-104	-110
Expenses from the valuation of interest rate derivatives	0	-6
Currency effects on financial receivables and financial liabilities	-17,838	3,401
Financing secondary costs	-2,186	-1,273
Gains and losses from fair value changes of derivatives included in hedge accounting	24	-24
Gains and losses from fair value changes of derivatives not included in hedge accounting	3	-41
Gains and losses from remeasurement of financial instruments	-188	0
Total	**-63,762**	**-37,194**

The financial result for the 2020 financial year is mainly influenced by increased interest expenses and sharply lower currency effects from the translation of financial receivables and liabilities denominated in foreign currencies, and thus shows an increase of 71.4% compared with the previous year.

Interest expenses

The increase in interest expenses compared to the same period of the previous year is mainly due to acquisitions made in the previous year and the transactions of the 2020 financial year. EURk 290 of the increase is also attributable to interest expenses on tax refund claims from the tax authorities as a result of amended tax assessments for previous years. In addition, interest expenses were affected by an increase of EURk 2,525 in expenses from the compounding of non-current liabilities. These mainly resulted from the early repayment of financial liabilities to direct investors and the associated immediate recognition of the corresponding expenses. In addition, transaction costs incurred in connection with the issuance of various bonds in the previous year and in the reporting year, which are being accrued over the term of these liabilities, contributed to an increase.

Currency effects on financial receivables and financial liabilities

The currency effects from financial receivables and liabilities result primarily from the measurement of foreign currency loans at the reporting date. Particularly in the operating companies whose functional currency is the US dollar, there are euro-denominated loan liabilities that have to be measured at the closing rate. As part of the merger of the former BSI Logistics GmbH, Hamburg, into Aves Asset Holding GmbH, Hamburg, in the 2020 financial year, the portfolio of euro-denominated loan liabilities that have to be translated into US dollar as at the reporting date increased significantly once again. The resulting expenses or income are reported in the financial result as they are directly attributable to financing activities.

The strongly negative development of the result from foreign exchange effects on financial receivables and liabilities compared with the prior-year period is directly related to the development of the Euro/US dollar exchange rate. The closing rate moved from 1.1234 to 1.2271 euros in 2020, and the dollar appreciated accordingly by EUR 0.1037 against the euro. The sharp drop in currency effects thus follows the development of the exchange rate.

Financing secondary costs

This item includes current external costs for financing services, in particular of the BoxDirect companies, but also of Container Invest GmbH in connection with investment management and direct investments, to the extent that these cannot be spread over the term of the loans using the effective interest method.

Gains and losses from remeasurement of financial instruments

The expenses incurred in the reporting period from the remeasurement of financial instruments result entirely from the reporting date measurement of the call options secured by the Aves Group as part of its bond issues. For further information, please refer to Section 7.4.2.

(10) TAXES ON INCOME AND PROFIT

in EURk	2020	2019
Current taxes in business year	-5,566	-2,963
Deferred taxes	2,724	413
- due to changes in tax rates	0	0
- due to temporary differences	-3,370	3,424
- due to tax losses and interest carried forward	6,094	-3,011
Taxes on income and profit	**-2,842**	**-2,550**

The development of deferred taxes is significantly influenced by the build-up and reduction of tax loss carryforwards in individual companies on the one hand and by currency effects in the translation of euro-taxbalances into the functional currency USD in the individual companies of the Container segment on the other hand. Against this background, deferred taxes fluctuate to a large extent depending on the valuation of the US dollar (currency effects).

The actual tax result of EURk -2,842 deviates by EURk 20,309 from the expected revenue for taxes on income and profit of EURk 17,467, which would result when applying the income tax rate to the annual result of the group before taxes on income and profit. A reconciliation of the actual to the expected tax charge is summarised in the following table:

in EURk	2020	2019
Earnings before tax	**-54,119**	**14,502**
Tax rate	32.28%	32.28%
Expected tax refund / charge	**17,467**	**-4,681**
Effects from tax rate differences	1,098	651
Non-deductible charges	-3,768	-33
Adjustment temporary differences	7,400	6,866
Adjustment loss carryforwards	-12,025	-5,542
Depreciation and disposal charges for ancillary purchase costs with no corresponding tax effect	-960	-709
Addition of trade tax	-1,259	-1,977
Change of Impairment write-down DTA	-7,078	3,074
Prior-period expenses	-3,053	0
Other effects	-664	-199
Disclosed returns from taxes on income and profit	**-2,842**	**-2,550**
Consolidated tax rate	-5.3%	17.6%

The following tax rates were used for assessment of deferred taxes for the German companies of Aves Group:

at	31/12/2020	31/12/2019
Future corporation tax rate expected	15.00	15.00
Future solidarity surcharge rate expected	0.83	0.83
Future trade tax rate expected	16.45	16.45
Future tax rate expected	**32.28**	**32.28**

25% corporate tax rate was applied to the subsidiaries with its registered office in Austria.

The taxes on income and profit are tax expenditure in the reporting period and correspond to -5.3% of the result before taxes. In the prior year, the tax charge amounted to 17.6% of earnings before taxes on earnings.

Further information on taxes on earnings is disclosed under 7.10.

(11) EARNINGS PER SHARE

in EURk	2020	2019
Shareholders‘ share of Group results (in EURk)	-56,969	11,982
	13,015,053	13,015,053
Result per share (in EUR)		
Weighted average number of shares	**-4.38**	**0.92**

Diluted and basic earnings per share are calculated by dividing the share of the shareholders of Aves One AG in the consolidated result and the weighted average number of ordinary shares in circulation during the financial year. As there were no circumstances in 2020 and 2019 that had a dilutive effect on the number of shares, the diluted earnings per share correspond to the basic earnings per share.

7 NOTES ON THE CONSOLIDATED BALANCE SHEET

(1) INTANGIBLE FIXED ASSETS INCLUDING GOODWILL

In addition to goodwill resulting from the acquisition of the shares in CH2 Contorhaus Hansestadt Hamburg AG, intangible assets mainly include software.

Purchased intangible assets with determinable useful lives are capitalized at cost and depreciated according to the straight-line method over three years.

Goodwill is not subject to scheduled amortization. An annual impairment test is performed at the level of the cash-generating unit (CGU). If the carrying amount of the CGU is not recoverable, an initial impairment loss on goodwill may be recognized.

in EURk	Soft-ware	Bro-kerage fees	Indust-rial pro-perty rights	Goodwill	Advance pay-ments	Total
Acquisition cost						
As of 01/01/2020	**1,176**	**10**	**3**	**5,624**	**132**	**6,945**
Additions	199	0	0	0	50	249
Disposals	-117	0	0	0	0	-117
Transfers	69	0	0	0	-69	0
Currency adjustments	-40	0	0	0	0	-40
As of 31/12/2020	**1,287**	**10**	**3**	**5,624**	**113**	**7,037**
Accumulated depreciation/amortisation and impairments						
As of 01/01/2020	**377**	**2**	**0**	**0**	**0**	**379**
Additions	484	3	0	0	0	487
Disposals	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Currency adjustments	-128	0	0	0	0	-128
As of 31/12/2020	**733**	**5**	**0**	**0**	**0**	**738**
Remaining carrying values						
As of 01/01/2020	**799**	**8**	**3**	**5,624**	**132**	**6,566**
As of 31/12/2020	**554**	**5**	**3**	**5,624**	**113**	**6,299**
Currency translation differences	**88**	**0**	**0**	**0**	**0**	**88**

in EURk	Soft-ware	Bro-kerage fees	Indust-rial pro-perty rights	Goodwill	Advance pay-ments	Total
Acquisition cost						
As of 01/01/2019	**868**	**1,995**	**3**	**5,624**	**0**	**8,490**
Additions	304	10	0	0	132	446
Disposals	0	0	0	0	0	0
Transfers	0	-2,040	0	0	0	-2,040
Currency adjustments	4	45	0	0	0	49
As of 31/12/2019	**1,176**	**10**	**3**	**5,624**	**132**	**6,945**
Accumulated depreciation /amortisation and impairments						
As of 01/01/2019	**295**	**0**	**0**	**0**	**0**	**295**
Additions	82	2	0	0	0	84
Disposals	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Currency adjustments	0	0	0	0	0	0
As of 31/12/2019	**377**	**2**	**0**	**0**	**0**	**379**
Remaining carrying amounts						
As of 01/01/2019	**573**	**1,995**	**3**	**5,624**	**0**	**8,195**
As of 31/12/2019	**799**	**8**	**3**	**5,624**	**132**	**6,566**
Currency translation differences	**4**	**45**	**0**	**0**	**0**	**49**

Impairment test Goodwill CH2 Contorhaus Hansestadt Hamburg AG

An impairment test was performed on the goodwill of CH2 AG. The Container segment was identified as the cash-generating unit (CGU) in the course of the initial allocation, as CH2 AG operated almost exclusively for this segment in the fiscal year of the initial allocation and this also represents the lowest level at which goodwill is being monitored. Goodwill has therefore been allocated as follows:

in EURk	**2020**	**2019**
Container	**5,624**	5,624

The recoverable amount of the CGU is based on fair value less costs to sell, estimated using discounted cash flows for the swap body business. Contrary to the previous year, an estimated disposal value instead of discounted cash flows was used for the calculation for the sea container segment. Based on the input factors of the valuation technique used, the fair value measurement was classified as a Level 3 fair value and also as Level 1 for the sea container segment.

The key assumptions underlying the estimate of the recoverable amount are presented in the following table. The values represent the Management Board's assessment of future developments in the relevant industries and are based on historical values from external and internal sources.

in percent	2020	2019
Discount rate	3.8%	4.1%
Sustainable growth rate	0.5%	0.5%
Planned EBITDA growth rate (average of the next 4 years; PY 5 years)	16.7%	2.4%

The sales growth rate as an average for the next four years of the swap bodies was 16.1 % for the impairment test. The amount by which the recoverable amount of CGU exceeds the carrying amount (headroom) therefore amounts EURk 37,834 (previous year: EURk 24,860) and has increased significantly compared to the previous year. No impairment would be required in the event of a variation in key parameters such as the cost of capital or the average sales growth rate.

The cash flow forecasts included specific estimates for five years and a perpetual growth rate thereafter. The sustainable growth rate was determined based on the Executive Board's assessment of the long-term average annual EBITDA growth rate, consistent with the assumption a market participant.

The planned EBITDA was estimated under consideration of past experience and determined subject to the following assumptions:

- Rental yields were planned in detail by the operative management based on the swap bodies utilisation and expected rent rates
- Investments were assumed based on operational capital expenditure planning
- The financing costs reflect current market conditions
- Storage costs at comparable level to 2020.

(2) FIXED ASSETS

Fixed assets increased by EURk 11,128 from EURk 924,327 to EURk 935,455 compared to 31 December 2019.

in EURk	Land, rights equiva-lent to land and buildings	Container	Railway carriages	Swap bo-dies	Tank contai-ners	Other assets, BGA	Advance payments	Total
Acquisition cost								
As of 01/01/2020	**1,188**	**251,253**	**687,346**	**58,593**	**0**	**1,353**	**2,357**	**1,002,090**
Additions	0	0	114,347	6,485	0	215	20	121,067
Disposals	0	-23,607	-3,569	-1,729	0	-168	0	-29,073
Transfers	0	0	2,275	0	0	0	-2,275	0
Currency adjustments	0	-19,764	0	0	0	-25	0	-19,789
As of 31/12/2020	**1,188**	**207,882**	**800,399**	**63,349**	**0**	**1,375**	**102**	**1,074,295**
Accumulated depreci-ation/amortisation and impairments								
As of 01/01/2020	**176**	**28,357**	**38,040**	**10,559**	**0**	**631**	**0**	**77,763**
Additions	229	39,789	25,610	5,834	0	188	0	71,650
Disposals	0	-2,398	-2,048	-1,139	0	-83	0	-5,668
Transfers	0	0	0	0	0	0	0	0
Currency adjustments	0	-4,897	0	0	0	-8	0	-4,905
As of 31/12/2020	**405**	**60,851**	**61,602**	**15,254**	**0**	**728**	**0**	**138,840**
Remaining carrying amount								
As of 01/01/2020	**1,012**	**222,896**	**649,306**	**48,034**	**0**	**722**	**2,357**	**924,327**
As of 31/12/2020	**783**	**147,031**	**738,797**	**48,095**	**0**	**647**	**102**	**935,455**
Currency transla-tion differences	**0**	**-14,867**	**0**	**0**	**0**	**-17**	**0**	**-14,884**

in EURk	Land, rights equivalent to land and buildings	Container	Railway carriages	Swap bodies	Tank containers	Other assets, BGA	Advance payments	Total
Acquisition cost								
Adjustment IFRS 16	394	0	0	0	0	79	0	473
As of 01/01/2019	**394**	**256,055**	**557,142**	**40,326**	**3,547**	**1,073**	**34**	**858,571**
Additions	794	5,518	129,336	19,270	0	488	2,357	157,763
Disposals	0	-15,280	-1,207	-1,003	-3,547	-210	0	-21,247
Transfers	0	0	2,075	0	0	0	-34	2,041
Currency adjustments	0	4,960	0	0	0	2	0	4,962
As of 31/12/2019	**1,188**	**251,253**	**687,346**	**58,593**	**0**	**1,353**	**2,357**	**1,002,090**
Accumulated depreciation/amortisation and impairments								
As of 01/01/2019	**0**	**21,877**	**19,578**	**5,438**	**634**	**539**	**0**	**48,066**
Additions	176	7,620	19,409	5,263	192	160	0	32,820
Disposals	0	-1,540	-947	-142	-826	-68	0	-3,523
Transfers	0	0	0	0	0	0	0	0
Currency adjustments	0	400	0	0	0	0	0	400
As of 31/12/2019	**176**	**28,357**	**38,040**	**10,559**	**0**	**631**	**0**	**77,763**
Remaining carrying amount								
As of 01/01/2019	**394**	**234,178**	**537,564**	**34,888**	**2,913**	**534**	**34**	**810,505**
As of 31/12/2019	**1,012**	**222,896**	**649,306**	**48,034**	**0**	**722**	**2,357**	**924,327**
Currency translation differences	**0**	**4,560**	**0**	**0**	**0**	**2**	**0**	**4,562**

The increase is mainly due to the investments made in the Rail division. On the other hand, there were disposals of sea containers during the year and impairment losses on sea containers with an amount of EURk 33,038 to its recoverable amount, resulting from the impairment test carried out as of December 31, 2020. The investments in the swap body portfolio in fiscal year 2020 compensated the write-downs and thus the asset volume was maintained at the previous year's level.

The concluded rental agreements for containers incl. swap bodies, freight wagons are classified as Operating Lease according to IFRS. As a consequence, the Group is lessor for a large number of operating leases (rental agreements) of various types for mobile logistics equipment, which give rise to the major part of the Group's revenues and profits. The resulting rental income amounted to EUR 118.4 M in the current business year (prior year: EUR 113.6 M). In connection with the operating leases currently in force with third parties and with the current stock of mobile logistics equipment items, the Group will obtain minimum lease revenues made up as follows in the table below.

The future minimum leasing payments reported for the Container segment in the reporting year also include those from the sea container business. Due to the sale of the sea containers in 2021 (see Events after the balance sheet date), this reporting date-related disclosure of minimum lease payments is no longer correct. The remaining swap bodies account for minimum lease payments up to one year in the amount of EURk 4,875, between one and five years in the amount of EUR 7,390k and over five years in the amount of EURk 1,873.

in EURk	Container 2020	Container 2019	Railways carriages 2020	Railways carriages 2019	Total 2020	Total 2019
Less than one year	18,918	20,277	66,436	65,588	85,354	85,865
Between one and five years	38,301	49,261	95,431	99,172	133,732	148,433
More than five years	2,478	1,038	44,105	19,675	46,583	20,713
	59,697	**70,576**	**205,972**	**184,435**	**265,669**	**255,011**

Development of rights of use included in property, plant and equipment (previous year: assets under lease)

in EURk	Land, rights equivalent to land and buildings	Railway carriages	Swap bodies	Other assets, BGA	Total
Acquisition cost					
As of 01/01/2020	**1,187**	**4,938**	**49**	**214**	**6,388**
Additions				114	114
Disposals				-83	-83
Transfers					0
Currency adjustments				-3	-3
As of 31/12/2020	**1,187**	**4,938**	**49**	**242**	**6,416**
Accumulated depreciation/amortisation and impairments					
As of 01/01/2020	**175**	**920**	**5**	**67**	**1,167**
Additions	229	120	12	100	461
Disposals				-83	-83
Transfers					0
Currency adjustments					0
As of 31/12/2020	**404**	**1,040**	**17**	**84**	**1,545**
Remaining carrying amount					
As of 01/01/2020	**1,012**	**4,018**	**44**	**147**	**5,221**
As of 31/12/2020	**783**	**3,898**	**32**	**158**	**4,871**
Currency translation differences	**0**	**0**	**0**	**-3**	**-3**

in EURk	Land, rights equivalent to land and buildings	Railway carriages	Swap bodies	Other assets, BGA	Total
Acquisition cost					
Adjustment IFRS 16	394	0	0	79	473
As of 01/01/2019	**0**	**4,938**	**0**	**0**	**4,938**
Additions	793		49	135	977
Disposals					0
Transfers					0
Currency adjustments					0
As of 31/12/2019	**1,187**	**4,938**	**49**	**214**	**6,388**
Accumulated depreciation/amortisation and impairments					
As of 01/01/2019	**0**	**803**	**0**	**0**	**803**
Additions	175	117	5	67	364
Disposals					0
Transfers					0
Currency adjustments					0
As of 31/12/2019	**175**	**920**	**5**	**67**	**1,167**
Remaining carrying amount					
As of 01/01/2019	**0**	**4,135**	**0**	**0**	**4,135**
As of 31/12/2019	**1,012**	**4,018**	**44**	**147**	**5,221**
Currency translation differences	**0**	**0**	**0**	**0**	**0**

(3) INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments accounted for using the equity method increased by EURk 6 from EURk 72 to EURk 78 compared to 31 December 2019.

In both the current and the previous financial year, the amount reported under this item relates in full to the investment in H2S Holzhafen Service GmbH, Hamburg, in which the Aves Group continues to hold a 25% share.

Due to persistently negative results, the carrying amount of the investment in BSI Conical Container GmbH, Hamburg, was already fully impaired in 2016. Beyond this, no on-balance sheet or off-balance sheet obligations were recognised, as the Aves Group is not obliged to make additional payments on the existing shares.

The following is summarised financial information for H2S Holzhafen Service GmbH, Hamburg, and BSI CONICAL Container GmbH i.L., Hamburg, which are accounted for using the equity method. This information includes both the Group share and the share of third parties in the assets, liabilities and items of the income statement.

in EURk	H2S Holzhafen Service GmbH, Hamburg 31/12/2020	31/12/2019	BSI CONICAL Container GmbH i.L., Hamburg 31/12/2020	31/12/2019
Long-term assets	168	202	0	0
Short-term assets, without liquid funds	246	193	0	0
Liquid funds	56	38	12	2
Long-term liabilities	0	0	0	0
Short-term liabilities	148	145	59	44
	2020	2019	2020	2019
Revenues	1,025	523	0	0
Taxes	5	0	0	0
Net profit for the year	23	-12	-19	-17
Total result	23	-12	-19	-17

The following table reconciles the summarised financial information to the carrying amount of the investment accounted for using the equity method:

in EURk	H2S Holzhafen Service GmbH, Hamburg 2020	2019	BSI CONICAL Container GmbH i.L., Hamburg 2020	2019
Net assets at the time of acquisition/founding or 01/01/	288	300	-42	-25
Annual surplus (if appl. from acquisition; before interim result consolidation)	23	-12	-19	-17
Net assets as of 31/12/ (before interim result consolidation)	311	288	-61	-42
Share of Aves One AG in the net assets				
in percent	25.0%	25.0%	51.0%	51.0%
in EURk	78	72	-31	-21
Carrying value	**78**	**72**	**0**	**0**
Maximum loss risk	**78**	**72**	**0**	**0**

(4) OTHER FINANCIAL ASSETS

in EURk	31/12/2020	31/12/2019
Derivative assets for hedging interest rate risks (cash flow hedges)	585	2,305
Derivative assets not included in a hedging relationship	3,501	741
Total	**4,086**	**3,046**

As in the previous financial period, Other financial assets entirely consist of derivative assets with and without a hedging relationship.

(4.1) Derivative assets for hedging interest rate risks (cash flow hedges)

The derivative assets used to hedge interest rate risks are interest rate caps and interest rate floors that hedge the Aves Group against interest rate fluctuations from variable-interest loans.

The Aves Group designates and documents interest rate hedges as cash flow hedges when the conditions of IFRS 9 for hedge accounting are met. In a cash flow hedge, fluctuations in future cash flows from highly probable forecast transactions or cash flows to be paid or received in connection with a recognized asset or liability are hedged.

The interest rate caps and floors designated as cash flow hedges in the Aves Group have the same terms and conditions as the hedged item, i.e. reference interest rate, repricing dates, payment dates, maturities and base amount. In both the current and the previous fiscal year, the main contractual terms of the hedged item and the hedging instrument were the same and are expected to be the same for the remaining term of the hedging instrument, so that there is an economic relationship between the hedged item and the hedging instrument. In addition to the objectives of risk management, the documentation of the hedging relationship also includes the type of hedging relationship, the hedged risk, a description of the hedging instrument and the hedged item, and an assessment of the effectiveness criteria. Effectiveness is reviewed at each reporting date.

All interest rate hedges are measured at fair value in accordance with the requirements of IFRS 9. An effect on profit or loss exists only for changes in value that cannot be brought into a hedging relationship (ineffective portion), whereas effective changes in fair value and related deferred taxes are recognized in other comprehensive income.

Compared with the previous year, the derivative assets used to hedge interest rate risks showed a decrease in fair value of EURk 1,720 (PY: EURk 4,221), which was mainly recognized in other comprehensive income. This change reflects both the persistently low market interest rates and their expected development.

(4.2) Derivative assets not included in a hedging relationship

As in the previous year, the derivative assets not included in a hedging relationship mainly consist of call options amounting to EURk 3,495 (PY: EURk 741), which the Aves Group has secured as part of its bond issues. Further information on the bonds can be found in Section 7.12.2.

As the call options, which can be exercised at contractually agreed times, are not part of a hedging relationship, they are recognized at fair value through profit or loss in accordance with the requirements of IFRS 9. As a result of the corporate bonds issued in 2020, the fair value of the call options increased by EURk 2,942 (PY: EURk 741) on the date of initial recognition. The measurement of the call options as at 31 December 2020 resulted in a decrease in fair value of EURk 188, which is recognized in Other financial result.

In addition, derivative assets not included in a hedging relationship include portions of interest rate caps and floors that cannot be placed in a hedging relationship with the hedged item or which the Aves Group deliberately refrains from including in hedge accounting as part of its risk management strategy. As at 31 December 2020, the fair value of interest rate derivatives not included in a hedging relationship amounts to EURk 6 (PY: EURk 0).

(5) INVENTORIES

Inventories decreased from EUR 3,765 thousand to EUR 226 thousand compared to the balance sheet date of 31 December 2020 as a result of the sale of the last logistics property. As at 31 December 2020, inventories include containers with a carrying amount of EUR 226 thousand (previous year: EUR 417 thousand) that are not intended for long-term use in the Aves Group and will be sold in 2021.

(6) TRADE ACCOUNTS RECEIVABLE

As in the previous year, all trade accounts receivable as at 31 December 2020 are due within one year and are therefore classified as current.

in EURk	31/12/2020	31/12/2019
Trade accounts receivable	17,730	22,868
Valuation allowance	-707	-403
Total	**17,023**	**22,465**

For the analysis of default risk of trade accounts receivable as at 31 December 2020, reference is made to the maturity intervals shown in the table below. The selected maturity intervals correspond to the ones usually used by the Aves Group's receivable management.

				thereof not impaired but overdue for the following intervals as at the balance sheet date			
in EURk	Net book value as at 31/12/2020	thereof impaired as at the balance sheet date	thereof neither impaired nor overdue as at the balance sheet date	less than 30 days	30 to 60 days	61 to 90 days	more than 90 days
towards third parties	16,448	247	15,503	90	86	24	498
towards related, non-consolidated entities	10	0	10	0	0	0	0
towards entities accounted for using the equity method	18	0	18	0	0	0	0
towards other related parties	1,254	383	871	0	0	0	0
Total	**17,730**	**630**	**16,402**	**90**	**86**	**24**	**498**
expected credit loss rate	0	0	0.32%	2.22%	2.33%	4.17%	4.02%
impairment for expected credit loss	-707	-630	-52	-2	-2	-1	-20
Total	**17,023**	**0**	**16,350**	**88**	**84**	**23**	**478**

As at 31 December 2020, the maturities of trade accounts receivable are as follows:

in EURk	Net book value as at 31/12/2019	thereof impaired as at the balance sheet date	thereof neither impaired nor overdue as at the balance sheet date	thereof not impaired but overdue for the following intervals as at the balance sheet date: less than 30 days	30 to 60 days	61 to 90 days	more than 90 days
towards third parties	19,601	328	16,706	1,401	398	346	422
towards related, non-consolidated entities	14	0	14	0	0	0	0
towards entities accounted for using the equity method	3,220	0	3,220	0	0	0	0
towards other related parties	33	0	33	0	0	0	0
Total	**22,868**	**328**	**19,973**	**1,401**	**398**	**346**	**422**
expected credit loss rate	0	0	0.21%	0.50%	0.75%	1.45%	4.27%
impairment for expected credit loss	-403	-328	-42	-7	-3	-5	-18
Total	**22,465**	**0**	**19,931**	**1,394**	**395**	**341**	**404**

With regards to trade accounts receivable that are neither impaired nor past due, there are no indications as at the balance sheet date that the debtors will not meet their payment obligations.

The allowances for trade accounts receivable developed as follows in the reporting period:

in EURk	**2020**	**2019**
as at 1 January	**403**	**1,894**
Utilization	0	-1,990
Reversal	-28	-3
Addition	356	505
Foreign currency translation	-24	-3
as at 31 December	**707**	**403**

In the reporting period, expenses from the complete derecognition of trade accounts receivable amounting to EURk 124 (PY: EURk 333) were recognized. There was no income from the receipt of payments for trade accounts receivable already derecognized in the reporting periods 2020 and 2019.

All expenses and income from derecognized trade accounts receivable are reported within Other operating income or expenses.

(7) FINANCIAL RECEIVABLES AND OTHER ASSETS AND ADVANCE PAYMENTS

in EURk	31/12/2020	31/12/2019
Financial receivables	**463**	**424**
towards entities accounted for using the equity method	348	334
towards third parties	115	90
Other assets and advance payments	**24,730**	**30,071**
restricted cash	16,034	21,976
towards other related parties	3,512	3,263
input tax	2,673	867
prepaid expenses	1,034	397
sundry other assets	1,477	3,568
Total	**25,193**	**30,495**

The financial receivables amounting to EURk 463 (PY: EURk 424) were neither impaired nor past due as at the balance sheet date. There were no indications at the reporting date that the debtors would not meet their payment obligations.

The decrease in Other assets and advance payments is mainly due to reduced balances in the restricted reserve accounts set up for the purpose of carrying out maintenance measures and covering debt service in connection with financing in the Rail division. Receivables from domestic financial authorities increased year-on-year as a result of reporting-date-related fluctuations, including investments in the Rail unit. The decrease in Sundry other assets is due to the uncalled proceeds from a bond issue reported in the previous year in the amount of EURk 1,789.

(8) TAX ASSETS

in EURk	31/12/2020	31/12/2019
Deferred tax assets	15,031	10,922
Current tax assets	505	3,661
Total	**15,536**	**14,583**

Explanations on the deferred taxes can be found under 7.10.

(9) LIQUID FUNDS

in EURk	31/12/2020	31/12/2019
Bank balances	17,281	30,885
Cash in hand	2	2
Total	**17,283**	**30,887**

Cash at banks mainly relates to cash deposits that can be called up at short notice. The decrease in liquid funds is mainly due to funds raised in the previous year, which were used for further growth in the reporting period.

In addition, as at 31 December 2020, there were restricted cash reserves amounting to EURk 16,034 (PY: EURk 21,976), which are reported within Other assets and advance payments due to the fact that the liquidity criterion was not met.

The development of liquid funds from 1 January to 31 December 2020 can be seen in the consolidated cash flow statement.

(10) INCOME TAX LIABILITIES

in EURk	31/12/2020	31/12/2019
Deferred income tax liabilities	8,957	7,310
Current income tax liabilities	8,322	2,523
Total	**17,279**	**9,833**

The indicated current income tax debt has a residual term of less than one year.

The deferred taxes (net) have developed as follows in the business year:

in EURk	31/12/2020	31/12/2019
Status at the beginning of the year	**3,612**	**1,742**
Additions from capital increase without effect on the result	0	0
Additions from acquisition of subsidiaries without effect on the result	0	0
Effects from currency conversion without effect on the result	0	0
Other comprehensive Income from Hedge Accounting	-262	1,458
Taxes with effect on the result	2,724	412
As of 31/12/	**6,074**	**3,612**

Deferred taxes were calculated using the company-specific tax rates (for the German companies: corporations: 32.28 % and 16.45 % for partnerships; for the subsidiaries in Austria: 25 %).

The amount from temporary differences in connection with shares in subsidiaries and companies accounted for using the equity method, for which no deferred tax liabilities were recognized in accordance with IAS 12.39 in the reporting year, amounts to EUR 0.1 million (previous year: EUR 0.1 million).

The following deferred tax assets and liabilities are attributable to recognition and measurement differences in the individual balance sheet items:

in EURk	31/12/2020 deferred tax assets by situation	31/12/2020 deferred tax liability by situation	31/12/2019 deferred tax assets by situation	31/12/2019 deferred tax liability by situation
Intangible fixed assets	0	25	0	28
Fixed assets[1]	2,819	13,569	0	19,502
Other financial investments	764	0	852	0
Inventories	0	8	135	0
Financial receivables	0	250	0	267
Trade accounts receivable	151	0	0	342
Other asstes and advance payments[1]	897	0	4,442	141
Financial liabilities	0	2,630	0	3,185
Tax liabilities	0	0	0	0
Trade accounts payable and other liabilities	220	0	1,367	0
Other liabilities	557	0	0	238
Other provisions	0	0	0	0
Loss and interest carryforward	17,148	0	20,519	0
Total	**22,556**	**16,482**	**27,315**	**23,703**
Balancing	-7,525	-7,525	-16,393	-16,393
	15,031	**8,957**	**10,922**	**7,310**

1 In the reporting year, the allocation of deferred taxes from consolidation measures in other assets and property, plant and equipment was adjusted compared to the previous year.

in EURk	31/12/2020	31/12/2019
Deferred tax receivables	**15,031**	**10,922**
Deferred tax receivables realised after more than 12 months	13,705	8,545
Deferred tax receivables realised within 12 months	1,326	2,377
Deferred tax liabilities	**8,957**	**7,310**
Deferred tax liabilities realised after more than 12 months	8,817	7,005
Deferred tax liabilities realised within 12 months	140	305

Deferred tax assets for tax loss carryforwards are recognized to the extent that it is probable that future taxable profit will be available against which the tax loss carryforwards can be utilized.

In the case of companies with tax losses in previous years, deferred tax assets on loss carryforwards are only taken into account if sufficient deferred tax liabilities exist and it can be assumed with a high degree of certainty that the tax losses will be usable in the future due to fundamental changes in income situations or substantial evidence. In addition, tax optimizations are planned here in order to make the best possible use of existing loss carryforwards.

The tax planning of the companies on which the usability of deferred taxes is based only takes into account the tax results expected in the next five years according to business planning, for which it is highly probable that they will be used. The income according to tax planning results, among other things, from tax reversal effects in connection with assets which serve as collateral for expiring direct investments. In the case of these assets, the cumulative additional tax depreciation compared with depreciation under IFRS is recognized in profit or loss and thus in profit or loss when the assets are sold internally or externally.

The following table shows the amount of non-capitalized deferred taxes and the amount of the underlying loss carryforwards:

	2020		2019	
in EURk	Loss carryforward	applicable deferred tax savings not recognised in assets	Loss carryforward	applicable deferred tax savings not recognised in assets
Loss carryforward under corporate tax	77,751	250	66,983	0
Trade tax loss carryforwards	69,136	7,213	58,697	381
Interest carried forward	11,574	3,468	0	0
Total		**10,931**		**381**

Current taxes at the domestic companies were calculated at a statutory corporation tax rate of 15.00 % plus a solidarity surcharge of 5.5 0%. The trade tax rate is 16.45 % of trade income.

A corporate income tax rate of 25 % applies to the Austrian subsidiaries; trade tax is not levied.

(11) EQUITY

The equity of the Aves Group decreased by EURk 27,602 from EURk 41,644 to EURk 14,042 compared to 31 December 2019.

The Aves Group thus has an equity ratio of 1.4% (PY: 4.0%).

The development of the individual equity items as at 31 December 2020 can be found in the consolidated statement of changes in equity and the consolidated statement of comprehensive income.

(11.1) Subscribed capital

The fully paid-up subscribed capital of the company amounted to EUR 13,015,053.00 (PY: EUR 13,015,053.00) as at the balance sheet date. It is divided into 13,015,053 (PY: 13,015,053) no-par value bearer shares with a proportionate amount of the subscribed capital of EUR 1.00 per share.

(11.1.1) Contingent capital

By resolution of the Annual General Meeting on 21 August 2018, the Contingent Capital 2016 (Article 4 (6) of the Articles of Association) was cancelled. At the same time, a new Contingent Capital 2018 was resolved.

By resolution of the Annual General Meeting on 21 August 2018, the Company was authorized to issue convertible bonds, bonds with warrants and profit participation rights with and without conversion and subscription rights and to exclude subscription rights in a total nominal amount of up to EUR 50,000,000. The holders of these bonds may be granted conversion or subscription rights to up to 6,507,526 no-par value bearer shares of the Company with a pro rata amount of the subscribed capital totaling up to EUR 6,507,526. Accordingly, a resolution on contingent capital in the amount of EUR 6,507,526 by issuing 6,507,526 new no-par value bearer shares with dividend rights from the beginning of the financial year in which they are issued was adopted.

(11.1.2) Authorized capital

By resolution of the Annual General Meeting on 21 August 2018, the Authorized Capital 2017 (Article 4 (5) of the Articles of Association) was cancelled. At the same time, a new Authorized Capital 2018 was resolved with the option to exclude subscription rights.

By virtue of this resolution, the Executive Board was authorized, with the approval of the Supervisory Board, to increase the Company's subscribed capital by a total of up to EUR 6,507,526 by issuing new no-par value bearer shares against cash and/or non-cash contributions on one or more occasions until 20 August 2023. Shareholders are generally entitled to a subscription right, although the Executive Board has been authorized to exclude shareholders' subscription rights in whole or in part under certain conditions.

Against this background, exclusion of subscription rights is permissible under the following conditions:

- Provided that, in the case of capital increases against cash contributions, the shares of the Company are traded on the stock exchange, the shares issued do not exceed 10% of the capital stock and the issue price of the new shares of the Company is not significantly lower than the stock exchange price of the shares of the Company of the same class and features already traded on the stock exchange at the time the issue price is determined within the meaning of Sections 203 (1) and (2), 186 (3) Sentence 4 AktG.
- In the case of capital increases against contributions in kind, in particular for the acquisition of companies, parts of companies and interests in companies, industrial property rights, such as patents, trademarks or licenses based thereon or other product rights or other contributions in kind, including bonds, convertible bonds and other financial instruments.
- To the extent necessary to grant the holders or creditors of bonds with option or conversion rights or obligations issued by the Company or its Group companies subscription rights to new shares to the extent to which they would be entitled after exercising their option or conversion rights or after fulfillment of an option or conversion obligation.
- For fractional amounts arising as a result of the subscription ratio.

No use had been made of these authorizations by the balance sheet date.

(11.1.3) Acquisition of own shares

By resolution of the Annual General Meeting on 23 July 2020, Aves One AG was authorized to acquire treasury shares up to a maximum amount of 10% of its subscribed capital. The authorization is valid until 22 July 2025.

The acquisition shall be made at the discretion of the Executive Board and within the limits resulting from the principles of stock corporation law, in compliance with the principle of equal treatment (Section 53a AktG), via the stock exchange or outside the stock exchange, the latter in particular by means of a public purchase offer and also excluding the shareholders' right to tender. In the case of a public purchase offer, the Company may specify either a price or price range for the acquisition.

By virtue of this resolution, the Executive Board was authorized to do so in compliance with the principle of equal treatment (Art. 53a AktG),

- to resell treasury shares with the approval of the Supervisory Board for purposes other than trading in treasury shares.
- to offer treasury shares to shareholders for subscription on the basis of an offer directed to all shareholders, whereby subscription rights for fractional amounts may be excluded with the approval of the Supervisory Board.
- to redeem treasury shares with the approval of the Supervisory Board without a further resolution by the Annual General Meeting.

The Supervisory Board of the Company is authorized to use the acquired treasury shares to service purchase obligations or rights to shares in the Company that have been or will be agreed with members of the Executive Board of Aves One AG under the arrangements for Executive Board remuneration. The details of the remuneration for the members of the Executive Board are determined by the Supervisory Board.

(11.2) Capital reserve

The capital reserve remains unchanged from the previous year at EURk 40,043.

(11.3) Retained earnings

Retained earnings comprise the profit carried forward as at 31 December 2019, and the consolidated profit for 2020.

(11.4) Other reserves

Other reserves comprise equity instruments from share-based payments, the currency translation reserve from Group translation, and changes in the value of hedging transactions included in hedge accounting in accordance with IFRS 9.

(11.4.1) Equity instruments

The Superior Beteiligungen GmbH, Hamburg, conditionally sold a total of 100,000 shares to Mr. Tobias Aulich in an agreement dated 30 April 2018. The shares, which were linked to the continuation of the employment relationship until 31 December 2020, were granted in full as at the balance sheet date.

In accordance with IFRS 2 Share-based Payment, the shares are measured at fair value at the time the agreement was concluded. The fair value results from the difference between the share price and the discounted purchase price at initial recognition. This difference corresponds to the fair value of the shares and amounts to EUR 1.975 per share. Against this background, a total of EURk 198 was granted.

As a result, EURk 198 (PY: EURk 168) were recognized in Other reserves as at 31 December 2020.

The seller can terminate this agreement with one month's notice at the earliest on 30 June 2021.

(11.4.2) Currency translation reserve

The equity item for currency translation is used to recognize the accumulated differences arising from the translation of subsidiaries with a functional currency other than the euro into the reporting currency (euro).

The differences arising in the reporting year are recognized in the consolidated statement of comprehensive income under other comprehensive income. Translation differences arising from foreign currency translation are recognized in the consolidated statement of income if the sale of a subsidiary with a functional currency other than the euro takes place.

(11.4.3) Hedging

The equity item for hedging transactions includes both the cash flow hedge reserve and the deferred costs of hedging reserve.

The changes in value recognized in other comprehensive income in the reporting period result from interest rate hedges measured at fair value, which are designated as cash flow hedges, whereby changes in the intrinsic value of the hedging instrument (cash flow hedge) are reported separately from changes in time value (deferred costs of the hedging). For further information on interest rate derivatives in hedge accounting, please refer to Sections 8 and 9.3.2.

The changes in value recognized in other comprehensive income in the reporting perid 2020 and 2019, the deferred taxes recognized on them and the effects from amortization of time value recognized in profit or loss can be found in the consolidated statement of comprehensive income.

(11.5) Hybrid capital of Aves One AG Shareholders

In the financial period 2020, the Aves Group renegotiated the existing loan agreement with Versorgungswerk der Zahnärztekammer Berlin, public corporation, Berlin. In accordance with IAS 32, the restructured loan agreement is to be classified in full as equity in the consolidated financial statements of Aves One AG as of 30 December 2020.

The restructured loan agreement has a basic term of 60 years and is extended by ten years at a time unless it is terminated by Aves One AG at the latest at the end of the respective term. In addition, Aves One AG has the right to terminate the loan relationship on each interest payment date, but for the first time on 31 December 2021. The lender's right of ordinary termination is excluded.

Furthermore, Aves One AG is entitled to retain interest payments depending on a dividend payment to the shareholders and to pay them to the lender without interest in part or in total at a later date. The loan is unsecured and gives rise to subordinated claims of the lender in the event of liquidation or insolvency.

As at 30 December 2020, the loan of EURk 24,195 formerly reported under Financial liabilities, less capital procurement costs of EURk 120 and taking into account deferred taxes of EURk 39, was transferred to equity.

(12) FINANCIAL LIABILITIES

Financial liabilities increased by EURk 11,542 from EURk 972,400 to EURk 983,942 compared to December 31, 2019.

in EURk	31/12/2020 Carrying amount	thereof short-term	thereof long-term	31/12/2019 Carrying amount	thereof short-term	thereof long-term
Bank loans	602,147	384,468	168,930	549,255	330,464	169,569
Corporate bonds	166,384	156,454	0	37,976	37,976	0
Institutional lenders	139,266	126,585	0	230,086	167,145	0
Direct investors	71,208	37,244	0	150,949	96,638	0
Leasing liabilities	3,693	3,141	0	4,134	3,605	0
Derivative liabilities for hedging interest rate risks (cash flow hedges)	1,208	591	490	0	0	0
Derivative liabilities not included in a hedging relationship	36	0	0	0	0	0
Total	**983,942**	**708,483**	**169,420**	**972,400**	**635,828**	**169,569**

The increase is mainly due to the additional corporate bonds issued by Aves One AG in the 2020 financial year and other financing in connection with investments. In total, the Aves Group was able to realize an underwriting volume of EURk 127,977 in the 2020 financial year (previous year: EURk 38,820).

(12.1) Financial institutions

Creditors	31/12/2020 Carrying amount	Original amount in issue currency	Interest rate or effective interest rate	31/12/2019 Carrying amount	Original amount in issue currency	Interest rate or effective interest rate
Rail						
Various creditors	527,097	578,946,282 EUR	1,13%-2,82%	478,551	497,407,920 EUR	1,39%-3,03%
Container equipment						
Various creditors	25,908	31,058,363 EUR	2,40%- 4,75%	17,098	21,720,958 EUR	2,73%-3,01%
One creditor	44,189	61,680,554 USD	5,35%-5,75%	51,551	61,680,554 USD	5,35%-5,75%
Holding						
One creditor	4,953	5,000,000 EUR	0,05	2,055	2,100,000 EUR	0,01
Total	**602,147**			**549,255**		

With the exception of two financings, the loans from credit institutions have fixed interest loans. The variable-interest loans are hedged with interest caps.

(12.2) Bonds

	31/12/2020			31/12/2019		
Institutional investors	Carrying amount	**Original amount in issue currency**	Interest rate or effective interest rate*	**Carrying amount**	Original amount in issue currency	Interest rate or effective interest rate*
Rail Equipment						
Various investors	72,448	72,000,000 EUR	5,25%-6,00%	30,089	30,559,000 EUR	0,0525
Holding						
Various investors	93,936	94,797,000 EUR	3,25%-6,00%	7,887	7,999,999 EUR	0,0525
Total	**166,384**			**37,976**		

The Aves Group issued eight new bonds in the financial year 2020, primarily via Aves One AG. The nominal amount of the maximum issuable volume amounts to EURk 170,999 as of December 31, 2020 (previous year: EURk 47,999).

in EURk	31/12/2020			31/12/2019		
Interest rate; emission; maturity; fixed interest; volume	**Carrying amount**	Nominal amount	Fair value	**Carrying amount**	Nominal amount	Fair value
5.25%; 2019; 2024; fixed-interest bond; EURk 5.000[1]	4,965	5,000	4,763	4,930	5,000	5,005
5.25%; 2019; 2024; fixed-interest bond; EURk 2.999[1]	2,978	2,999	2,849	2,957	2,999	2,999
5.25%; 2019; 2024; fixed-interest bond; EURk 40.000[1]	39,349	40,000	39,240	30,089	30,821	29,299
5.00%; 2020; 2022; fixed-interest bond; EURk 4.000[1]	4,089	4,000	4,000	0	0	0
5.00%; 2020; 2023; fixed-interest bond; EURk 10.000[1]	9,635	9,390	9,390	0	0	0
3.25%; 2020; 2022; fixed-interest bond; EURk 5.000[1]	1,726	1,746	1,746	0	0	0
4.25%; 2020; 2023; fixed-interest bond; EURk 4.000[1]	3,620	3,662	3,662	0	0	0
6.00%; 2020; 2021; fixed-interest bond; EURk 5.000	5,132	5,000	5,000	0	0	0
5.25%; 2020; 2025; fixed-interest bond; EURk 30.000[1]	58,783	60,000	58,950	0	0	0
5.00%; 2020; 2021; fixed-interest bond; EURk 3.000	3,008	3,000	3,000	0	0	0
6.00%; 2020; 2025; fixed-interest bond; EURk 32.000	33,099	32,000	32,163	0	0	0
Total	**166,384**	**166,797**	**164,763**	**37,976**	**38,820**	**37,303**

[1] Listed

Similar to the corporate bonds issued in fiscal year 2019, the terms and conditions of some of the new issues provide for early termination rights in favor of the Aves Group. The fair value of the call options increases the carrying amount of the bonds at the time of issue by EURk 2,942 (previous year: EURk 741). Together with the transaction costs of EURk 4,493 (previous year: EURk 2,288), this is recognized in the income statement under net interest income using the effective interest method until the expected maturity date.

As of December 31, 2020, transaction costs and termination options lead to a deviation from the nominal value in the amount of EURk 2,387 (prior year: EURk 1,454). In addition, accrued interest of EURk 1,974 (prior year: EURk 610) is included in the carrying amount as of December 31, 2020.

The fair value of the bonds issued is generally determined on the basis of the stock market prices at the balance sheet dates attributable to Level 1 of the fair value hierarchy. For unlisted bonds with a remaining term of less than one year, it is assumed that their nominal value corresponds to their fair value. For unlisted bonds with a remaining maturity of more than one year, the fair value is implicitly determined using the credit spread of comparable listed bonds of the Aves Group (level 2).

(12.3) Institutional Lenders

	31/12/2020			31/12/2019		
Institutional investors	**Carrying amount**	Original amount in issue currency	Interest rate or effective interest rate	**Carrying amount**	Original amount in issue currency	Interest rate or effective interest rate
Container Equipment						
Various investors	16,002	25,775,917 EUR	2,37%-6,3%	48,718	41,837,846 EUR	2,11%-5,50%
Various investors	8,240	10,110,246 USD	0,055	35,756	54,693,903 USD	5,00%-7,75%
Rail Equipment						
Various investors	113,177	121,500,000 EUR	5,25%-6,25%	145,612	161,695,387 EUR	3,25%-6,30%
Holding						
Various investors	1,847	1,846,670 EUR	0,05	0	0	0
Total	**139,266**			**230,086**		

The loans from institutional lenders are fixed interest loans.

(12.4) Direct investors

	31/12/2020			31/12/2019		
Direct investors	**Carrying amont**	Original amount in issue currency	Interest rate or effective interest rate	**Carrying amont**	Original amount in issue currency	Interest rate or effective interest rate
Var. products and investors	71,208	125,500,476 EUR	3,55%-6,26%	150,800	164,487,699 EUR	3,55%-6,26%
Var. products and investors	0	0	0	149	206,643 USD	0,0527
Total	**71,208**			**150,949**		

The direct investors' loans have fixed interest rates.

(12.5) Financial Liabilities - Finance Leases

Through its subsidiary Aves Rail Rent GmbH, Perchtoldsdorf, Austria, the Aves Group is the lessee in a finance lease. No contingent rent payments were made under this lease agreement in either 2020 or 2019.

In addition, the Aves Group is the lessee in a number of operating leases, which result in particular from the rental of business premises and company vehicles.

Commitments under leases in which the Aves Group is the lessee are shown in the table below:

in EURk	Future minimum leasing payments 2020	Future minimum leasing payments 2019	Interest payments 2020	Interest payments 2019	Cash value of the minimum leasing payments 2020	Cash value of the minimum leasing payments 2019
Less than one year	581	420	92	108	552	528
Between one and five years	3,167	3,488	26	118	3,141	3,606
More than five years	0	0	0	0	0	0
Total	**3,748**	**3,908**	**118**	**226**	**3,693**	**4,134**

The carrying amount of capitalized rights of use amounted to EURk 4,872 as of December 31, 2020 (previous year: EURk 5,221).

(12.6) Derivative liabilities

As part of an acquisition of double pocket wagons carried out on June 30, 2020, bank loans amounting to EURk 13,296 were taken over. As these are floating-rate financial liabilities, the existing interest rate hedging instruments were also transferred to the Aves Group in the course of the acquisition, increasing the purchase price.

The derivative liabilities from interest rate swaps, whose fair value amounts to EURk 1,244 as of December 31, 2020, can be brought into a hedging relationship with the underlying transactions at a total rate of 97.1%. Against this background, in accordance with the requirements of IFRS 9 on hedge accounting, cash flow hedges amounting to EURk 1,208 and derivative liabilities without a hedging relationship amounting to EURk 36 are recognized as of December 31, 2020.

(13) TRADE ACCOUNTS PAYABLE AND OTHER LIABILITIES

As in the previous period, the total of trade accounts payable and other liabilities as at 31 December 2020 are due within one year and are therefore classified as current.

in Tsd.	31.12.2020	31.12.2019
Verbindlichkeiten aus Lieferungen und Leistungen	**3,422**	**7,854**
gegenüber fremden Dritten	1,992	7,691
gegenüber sonstigen nahestehenden Personen und Unternehmen	1,364	163
gegenüber Unternehmen, die nach der Equity-Methode bilanziert werden	66	0
Sonstige Verbindlichkeiten	**2,887**	**4,476**
Steuern	531	1,277
Im Rahmen der sozialen Sicherheit	2	9
Passive Rechnungsabgrenzungsposten	2	1
Übrige sonstige Verbindlichkeiten	2,352	3,189
Gesamt	**6,309**	**12,330**

(13.1) Trade accounts payable

Trade accounts payable mainly comprise payment obligations from ongoing business to the various asset managers and other service providers. The decrease compared to the previous year is mainly due to the settlement of investment-related liabilities and the netting of receivables and payables to the same asset manager as at the reporting date.

(13.2) Other liabilities

Other liabilities mainly include tax liabilities and various liabilities for outstanding invoices.

8 FINANCIAL INSTRUMENTS

In the Aves Group, financial instruments are classified into the following categories according to IFRS 9:

- Financial instruments measured at amortized cost (AC),
- Financial instruments at fair value through profit or loss (FVTPL),
- Derivative financial instruments in hedging relationships (FVOCI) and
- Not allocated to any measurement category (n/a).

The fair value generally corresponds to the market or quoted market value. If no active market exists, the fair value is determined using financial mathematical methods, for example by discounting future cash flows at the market interest rate or by applying recognized option pricing models. The fair value is determined using uniform valuation methods and parameters.

Assets and liabilities measured at fair value through profit or loss include derivative financial instruments that cannot be placed in a hedging relationship. As at 31 December 2020, derivative assets without a hedging relationship relate to the following:

- early termination options in connection with bond issues,
- a portion of an interest rate cap for which no hedging relationship could be established with the hedged item,
- an interest rate cap that is immaterial for the Aves Group in terms of amount, and
- a portion of an interest rate floor for which no hedging relationship with the hedged item could be established.

The derivative liabilities without a hedging relationship result for the first time from the interest rate swaps acquired as at 30 June 2020 as part of an asset deal to hedge variable-rate bank loans and represent the portion that could not be placed in a hedging relationship with the hedged item.

Changes in the value of assets and liabilities measured at fair value are recognized directly in profit or loss.

Financial assets measured at fair value through other comprehensive income include interest rate caps and floors that could be designated as cash flow hedges in accordance with the requirements of IFRS 9.

The financial liabilities measured at fair value through other comprehensive income represent the portion of the interest rate swaps acquired as at 30 June 2020 as part of an asset deal to hedge variable-rate bank loans that could be designated as a hedging relationship in accordance with IFRS 9.

Changes in fair value are directly recognized within equity taking deferred taxes into account.

The following tables show the reconciliation of the balance sheet items to the categories of financial instruments, broken down by carrying amounts and fair values of the financial instruments.

in EURk	Category according to IFRS 9	Carrying amount as at 31/12/2020	Value stated according to IFRS 9: At amortized cost	Fair value through profit and loss	Fair value through OCI	Value stated according to IFRS 16
Derivative assets without hedge relationship	FVTPL	3,501	0	3,501	0	0
Derivative assets with hedge relationship	FVOCI	585	0	0	585	0
Trade accounts receivable	AC	17,023	17,023	0	0	0
Financial receivables	AC	463	463	0	0	0
Other receivables and other financial assets	AC	24,730	24,730	0	0	0
Cash and cash equivalents	AC	17,283	17,283	0	0	0
Long-term financial liabilities excluding lease liabilities	AC	873,680	873,680	0	0	0
Long-term lease liabilities	n/a	3,141	0	0	0	3,141
Derivative liabilities without hedge relationship	FVTPL	36	0	36	0	0
Derivative liabilities with hedge relationship	FVOCI	1,208	0	0	1,208	0
Trade accounts payable	AC	3,423	3,423	0	0	0
Short-term financial liabilities excluding lease liabilities	AC	105,324	105,324	0	0	0
Short-term lease liabilities	n/a	552	0	0	0	552
Other liabilities	AC	2,887	2,887	0	0	0

in EURk	Category according to IFRS 9	Carrying amount as at 31/12/2019	Value stated according to IFRS 9: At amortized cost	Fair value through profit and loss	Fair value through OCI	Value stated according to IFRS 16
Derivative assets without hedge relationship	FVTPL	741	0	741	0	0
Derivative assets with hedge relationship	FVOCI	2,305	0	0	2,305	0
Trade accounts receivable	AC	22,465	22,465	0	0	0
Financial receivables	AC	424	424	0	0	0
Other receivables and other financial assets	AC	30,071	30,071	0	0	0
Cash and cash equivalents	AC	30,887	30,887	0	0	0
Long-term financial liabilities excluding lease liabilities	AC	802,301	802,301	0	0	0
Long-term lease liabilities	n/a	3,605	0	0	0	3,605
Trade accounts payable	AC	7,854	7,854	0	0	0
Short-term financial liabilities excluding lease liabilities	AC	165,966	165,966	0	0	0
Short-term lease liabilities	n/a	528	0	0	0	528
Other liabilities	AC	4,476	4,476	0	0	0

The following tables show the allocation of financial assets and liabilities by measurement category.

In addition to derivative assets and liabilities measured at fair value with and without a hedging relationship, the Aves Group has numerous financial assets and liabilities that are measured at amortized cost. For these instruments, the fair values do not differ materially from their carrying amounts in the majority of cases, as the interest receivable or payable is either close to current market rates or the instruments are short-term. Significant differences as at 31 December 2020 were only identified for financial liabilities due to their long-term nature.

in EURk	Level 1: Quoted prices in active markets	Level 2: Observable market data	Level 3: Unobservable market data	**Fair value 31/12/2020**
Derivative assets without hedge relationship	0	3,501	0	3,501
Derivative assets with hedge relationship	0	585	0	585
Financial assets at fair value	**0**	**4,086**	**0**	**4,086**
Derivative liabilities without hedge relationship	0	36	0	36
Derivative liabilities with hedge relationship	0	1,208	0	1,208
Financial liabilities at fair value	**0**	**1,244**	**0**	**1,244**
Bank loans	0	600,316	0	600,316
Institutional lenders	0	152,618	0	152,618
Direct investors	0	77,169	0	77,169
Corporate bonds	124,600	40,163	0	164,763
Financial liabilities at amortized cost	**124,600**	**870,266**	**0**	**994,866**

in EURk	Level 1: Quoted prices in active markets	Level 2: Observable market data	Level 3: Unobservable market data	**Fair value 31/12/2019**
Derivative assets without hedge relationship	0	741	0	741
Derivative assets with hedge relationship	0	2,305	0	2,305
Financial assets at fair value	**0**	**3,046**	**0**	**3,046**
Bank loans	0	501,125	0	501,125
Institutional lenders	0	238,988	0	238,988
Direct investors	0	155,275	0	155,275
Corporate bonds	37,303	0	0	37,303
Financial liabilities at amortized cost	**37,303**	**895,388**	**0**	**932,691**

As in the previous year, there was no transfer between the individual levels of the fair value hierarchy as at 31 December 2020.

The following table shows the net gains and losses on financial assets and financial liabilities by measurement category, with significant items explained in more detail below:

in EURk	**2020**	**2019**
Financial assets at fair value through profit and loss	-189	-41
Financial liabilities at fair value through profit and loss	4	0
Financial assets at amortized cost	962	-820
Financial liabilities at amortized cost	-56,244	-34,501
Total	**-55,467**	**-35,362**

The net result from financial assets at fair value through profit or loss of EURk -189 (PY: EURk -41) results primarily from measurement effects of call options, but also includes measurement effects from interest rate derivatives without a hedging relationship. The net result from financial liabilities measured at fair value through profit or loss of EURk 4 (PY: EURk 0) relates exclusively to valuation effects from interest rate derivatives without a hedging relationship.

The net result from the category financial assets measured at amortized cost of EURk 962 (PY: EURk -820) includes interest income of EURk 59 (PY: EURk 155), net expenses for impairment losses of EURk 452 (PY: EURk 502) and income from foreign currency translation of EURk 1,356 (PY: EURk -473).

The net result from the category financial liabilities measured at amortized cost of EURk -56,244 (PY: EURk -34,501) includes interest expenses of EURk 43,459 (PY: EURk 39,295) and expenses from foreign currency translation of EURk 12,784 (PY: EURk -4,794).

9 HEDGING STRATEGY AND RISK MANAGEMENT

The Aves Group is exposed to various financial risks in the course of its business activities. Specifically, these are default risks, liquidity risks and financial market risks, which are discussed below.

For further information on the Aves Group's risk management system, please refer to the information provided in the opportunities and risks report as part of the Group management report.

9.1 DEFAULT RISK

The default risk in the Aves Group is mainly concentrated on the fact that outstanding receivables ("trade receivables") are paid late or are partially or completely defaulted on. On the other hand, there is the risk that suppliers do not meet their obligations from advance payments ("Other assets and advance payments") or do not meet them in full.

The Aves Group applies the expected credit loss model of IFRS 9 to trade receivables. Consideration of the expected credit loss model of IFRS 9 includes both risk provisions for financial assets without objective evidence of impairment and risk provisions for financial assets that have already been impaired. Please refer to sections 2.11, 3.2 and 7.6 for further information.

In principle, the Aves Group counters the risk of default by means of effective debtor management.

The maximum default risk from financial assets corresponds to the carrying amounts reported in the balance sheet for the respective counterparty.

9.2 LIQUIDITY RISK

Liquidity risks arise in connection with the possibility that the Group is not in a position to fulfil its payment obligations towards external contract parties as and when they fall due. The Group monitors and maintains liquid funds which the Management Board considers necessary to finance the operational business of the Group and to counteract fluctuations in its cash flow.

The following overview of due dates for financial liabilities (contractually agreed and undiscounted payments including expected interest payments) shows their influence on the liquidity situation of the Aves Group:

in EURk	2021	2022	2023 to 2025	as of 2026	Total	deferred transaction costs	Total
Financial Liabilities							
Bank loans	60,677	99,760	315,011	176,283	651,731	4,880	646,851
Bonds	18,869	14,089	172,030	0	204,988	2,387	202,601
Loans institutional investors	20,652	13,581	126,955	0	161,188	641	160,547
Direct investors	38,526	25,145	13,857	0	77,528	1,603	75,925
Lease liabilities	645	2,797	371	0	3,813	0	3,813
Derivative liabilities	163	161	430	490	1,244	0	1,244
Total	**139,532**	**155,533**	**628,654**	**176,773**	**1,100,492**	**9,511**	**1,090,981**

in EURk	2020	2021	2022 to 2024	as of 2025	Total	deferred transaction costs	Total
Financial Liabilities							
Bank loans	63,555	42,847	318,565	178,605	603,572	2,660	600,912
Bonds	2,872	2,520	46,118	0	51,510	582	50,928
Loans institutional investors	75,023	42,909	147,399	0	265,331	873	264,458
Direct investors	65,725	44,922	56,923	0	167,570	3,306	164,264
Lease liabilities	634	586	3,138	0	4,358	0	4,358
Total	**207,809**	**133,784**	**572,143**	**178,605**	**1,092,341**	**7,421**	**1,084,920**

The liquidity requirements of the Aves Group as a whole are ascertained on the basis of the liquidity plan. In view of the business model, liquidity requirements are covered as follows: Liquidity requirements generated by investments made are as a rule financed to a degree of 75 - 90 % by external sources of finance. To ensure the solvency of Aves One AG and its subsidiaries at all times, the remaining liquidity requirement is covered by the operating cash flow.

With regard to the maturities of financial liabilities, trade payables and other financial liabilities, please refer to sections 7.12 and 7.13.

The following tables show the expected interest and principal payments on financial debt at the balance sheet date, with accrued interest not included in the expected payments. Planned figures for new financial debt to be contracted in the future are not included. Due to the short-term nature of trade accounts payable and other financial liabilities, the resulting cash flows are not presented. The expected cash flows are approximately the same as the amounts stated in section 7.13 under residual terms.

in EURk	Balance sheet indication 31/12/2020	Cashflows 2021 Interest	Cashflows 2021 Interest variable	Cashflows 2021 Repay-ment	Cashflows 2022 Interest	Cashflows 2022 Interest variable	Cashflows 2022 Repay-ment
Financial liabilities							
Bank loans	602,147	13,438	0	47,239	10,507	0	89,253
Bonds	166,384	10,869	0	8000	8,343	0	5746
Loans institutional inves-tors	139,266	8,358	0	12,294	7,143	0	6,438
Direct investors	71,208	3,102	0	35,424	1,387	0	23,758
Lease liabilities	3,693	93	0	552	18	0	2779
Derivative liabilities	1,244	163	0	0	161	0	0
Total	**983,942**	**36,023**	**0**	**103,509**	**27,559**	**0**	**127,974**

in EURk	Balance sheet indication 31/12/2020	Cashflows 2023 - 2025 Interest	Cashflows 2023 - 2025 Interest variable	Cashflows 2023 - 2025 Repay-ment	Cashflows 2026 ff. Interest	Cashflows 2026 ff. Interest variable	Cashflows 2026 ff. Repay-ment
Financial liabilities							
Banken	602,147	14,916	0	300,095	7,353	0	168,930
Anleihen	166,384	18,979	0	153051	0	0	0
Institutionelle Darlehens-geber	139,266	6,167	0	120,788	0	0	0
Direktinvestoren	71,208	371	0	13,486	0	0	0
Leasingverbindlichkeiten	3,693	9	0	362	0	0	0
Derivative Verbindlichkei-ten	1,244	430	0	0	490	0	0
Gesamt	**983,942**	**40,872**	**0**	**587,782**	**7,843**	**0**	**168,930**

in EURk	Balance sheet indication 31/12/2019	Cashflows 2021 Interest	Cashflows 2021 Interest variable	Cashflows 2021 Repay-ment	Cashflows 2022 Interest	Cashflows 2022 Interest variable	Cashflows 2022 Repay-ment
Financial liabilities							
Bank loans	549,255	11,672	0	51,882	10,502	0	32,345
Bonds	37,976	2,872	0	0	2,520	0	0
Loans institutional inves-tors	230,086	11,709	0	63,315	8,778	0	34,130
Direct investors	150,949	7,108	0	58,617	3,705	0	41,217
Lease liabilities	4,134	107	0	528	92	0	494
Total	**972,400**	**33,468**	**0**	**174,342**	**25,597**	**0**	**108,186**

in EURk	Balance sheet indication 31/12/2019	Cashflows 2023 - 2025 Interest	Interest variable	Repay-ment	Cashflows 2026 ff. Interest	Interest variable	Repay-ment
Financial liabilities							
Bank loans	549,255	20,446	0	298,119	9,036	0	169,569
Bonds	37,976	7,560	0	38558	0	0	0
Loans institutional inves-tors	230,086	13,885	0	133,514	0	0	0
Direct investors	150,949	2,502	0	54,421	0	0	0
Lease liabilities	4,134	27	0	3,112	0	0	0
Total	**972,400**	**44,420**	**0**	**527,724**	**9,036**	**0**	**169,569**

9.3 FINANCIAL MARKET RISK

9.3.1 GENERAL

Interest rate and currency risks represent the main financial market risks in the Aves Group.

To hedge against interest rate risks, the Aves Group has been using interest rate derivatives since fiscal year 2018.

IFRS 7 requires the performance of sensitivity analyses for the presentation of financial market risks, which show the effects of hypothetical changes in relevant risk variables on earnings as well as equity. The periodic effects are determined by relating the hypothetical changes in the risk variables to the portfolio of primary and derivative financial instruments at the balance sheet date. It is ensured that the respective holdings as of the balance sheet date are representative for the financial year.

The following sensitivity analyses are hypothetical and therefore subject to risk. Due to unforeseeable developments on the global financial markets, actual developments may differ from hypothetical developments.

9.3.2 INTEREST RATE RISK

Interest rate risks arise from potential changes in interest rates that may have a negative impact on the Aves Group in the current financial year and in the years to come.

With the exception of bank balances and financial debt, the Aves Group does not have any other significant interest-bearing assets and liabilities that are exposed to interest rate risks. The interest-bearing assets are mainly short-term bank deposits. The majority of the Aves Group's earnings and operating cash flows are independent of changes in market interest rates.

Since 2018, the Aves Group has maintained loan relationships with various credit institutions with an interest rate dependent on the market interest rate. In order to counter the risk of rising market interest rates and the resulting cash flow risks, interest rate caps have been concluded for these variable-interest loans. These interest caps are each equipped with a cap in the range of 0.5% to 1.0%. The interest payments are limited by these hedging instruments to a maximum in the amount of the respective cap.

In addition, in the reporting period the Aves Group assumed interest rate swaps on variable-rate bank loans as part of an acquisition of double pocket wagons, which limit the risk of rising market interest rates to 1.25%. In view of persistently negative market interest rates, the Aves Group has also entered into interest rate floors to limit the interest burden of negative market interest rates to 1.625%. The interest rate swaps and floors can be placed in a hedging relationship with the underlying transactions at a total rate of 97.1%.

The interest rate hedging instruments designated as cash flow hedges in the Aves Group have the same terms and conditions as the hedged item, i.e. reference interest rates, interest rate adjustment terms, payment dates, maturities and base amounts. In both the current and the previous fiscal year, the main contractual terms of the hedged item and the hedging instrument were the same and are expected to be the same for the remaining term of the hedging instrument, so that there is an economic relationship between the hedged item and the hedging instrument. In addition to the objectives of risk management, the documentation of the hedging relationship also includes the type of hedging relationship, the hedged risk, the description of the hedging instrument and the hedged item, and an assessment of the effectiveness criteria. A review of effectiveness is performed at each reporting date.

To assess the interest rate risk from interest rate hedging instruments as at 31 December 2020, a change in the market interest rate level of +50/-50 basis points is assumed. If the market interest rate level had increased by 50 basis points, the Aves Group would have generated consolidated earnings before taxes (EBT) that were EURk 21 higher (PY: EURk -44). In addition, the pre-tax losses recognized directly in equity in fiscal year 2020 would have been EURk 1,383 (PY: EURk 934) lower. If the market interest rate had fallen by 50 basis points, the Aves Group's consolidated earnings before taxes (EBT) would have been EURk 13 lower (PY: EURk 63). In addition, the pre-tax losses recognized directly in equity in fiscal year 2020 would have been EURk 817 (PY: EURk 1,434) lower.

The following table shows the nominal volumes of the hedging instruments used in cash flow hedges:

Nominal value of hedging instruments

	Remaining term			Nominal value	Nominal value	Average hedging rate/price
in EURk	up to 1 year	1 – 5 years	> 5 years	**31/12/2020**	31/12/2019	31/12/2020
Hedging of interest rate risk						
Interest rate caps	0	164,553	156,739	**321,292**	349,412	0,50%-1,00%
Interest rate floors	0	0	12,397	**12,397**	0	-1,63%
Interest rate swaps	0	0	12,397	**12,397**	0	1,25%

	Remaining term			Nominal value	Nominal value	Average hedging rate/price
in EURk	up to 1 year	1 – 5 years	> 5 years	**31/12/2019**	31/12/2018	31/12/2019
Hedging of interest rate risk						
Interest rate caps	0	183,091	166,321	**349,412**	351,778	0,50%-1,00%

Furthermore, disclosures are made on the carrying amount and fair value changes of hedging instruments used in cash flow hedges.

Information on hedging instruments designated as cash flow hedges

in EURk	Book value 31/12/2020	Balance sheet item 31/12/2020	Change in Fair Value to consider ineffectivities 31/12/2020	Nominal value 31/12/2020
Hedging of interest rate risk				
Derivative assets - interest rate caps	**584**	Other financial assets	0	321,292
Derivative assets - interest rate floors	**0**	Other financial assets	0	12,397
Derivative liabilities - interest rate swaps	**1,208**	Financial liabilities	-48	12,397

in EURk	Book value 31/12/2019	Balance sheet item 31/12/2019	Change in Fair Value to consider ineffectivities 31/12/2019	Nominal value 31/12/2019
Hedging of interest rate risk				
Derivative assets - interest rate caps	**0**	Other financial assets	-1,842	349,412

The underlying transactions hedged in connection with cash flow hedges are listed below:

Information on underlying transactions for cash flow hedges

in EURk	Change in value of underlying transaction to consider ineffectivities 31/12/2020	Balance of cash flow hedge reserve for active cash flow hedges 31/12/2020	Balance of deferred costs of hedging for active cash flow hedges 31/12/2020	Balance of cash flow hedge reserve for inactive cash flow hedges 31/12/2020
Hedging of interest rate risk				
Hedging component	48	**-2,132**	**-5,118**	n/a

in EURk	Change in value of underlying transaction to consider ineffectivities 31/12/2019	Balance of cash flow hedge reserve for active cash flow hedges 31/12/2019	Balance of deferred costs of hedging for active cash flow hedges 31/12/2019	Balance of cash flow hedge reserve for inactive cash flow hedges 31/12/2019
Hedging of interest rate risk				
Hedging component	1,946	**-2,075**	**-3,320**	n/a

When cash flow hedges are accounted for, the designated effective portions of a hedging relationship must be recognised directly in equity. Any changes in the fair value of the designated component beyond this are recognised in profit or loss as ineffectiveness.

A reconciliation of the reserve is shown in the following tables:

Information on gains and losses from cash flow hedges

in EURk	Gains and losses from cash flow hedges considered within equity	Ineffectivities reclassified to profit and loss	Item within the statement of other comprehensive income considering ineffectivities	Reclassification from CFH reserve to profit and loss: due to early termination of CFH	Reclassification from CFH reserve to profit and loss: due to realization of the underlying transaction within profit and loss	Item within the statement of other comprehensive income considering the reclassification	Profit or loss from hedging of a net posiiton
	31/12/2020	31/12/2020	31/12/2020	31/12/2020	31/12/2020	31/12/2020	31/12/2020
Hedging of interest rate risk	-48	0	Cash flow hedges, net of tax - transferred to profit or loss	0	0	Cash flow hedges, net of tax - transferred to profit or loss	0

in EURk	Gains and losses from cash flow hedges considered within equity	Ineffectivities reclassified to profit and loss	Item within the statement of other comprehensive income considering ineffectivities	Reclassification from CFH reserve to profit and loss: due to early termination of CFH	Reclassification from CFH reserve to profit and loss: due to realization of the underlying transaction within profit and loss	Item within the statement of other comprehensive income considering the reclassification	Profit or loss from hedging of a net posiiton
	31/12/2019	31/12/2019	31/12/2019	31/12/2019	31/12/2019	31/12/2019	31/12/2019
Hedging of interest rate risk	-1,842	0	Cash flow hedges, net of tax - transferred to profit or loss	0	0	Cash flow hedges, net of tax - transferred to profit or loss	0

Development of cash flow hedge reserve

in EURk	As at 01/01/2020	Gains and losses from effective hedging relations	Reclassifica-tions due to changed ex-pectations on realization of the underlying transaction	Reclassifications due to realization of the underlying transaction within profit and loss	Reclassifications due to expected unrecoverable losses stored within other comprehen-sive income	Reclassifications due to a basis adjustment	As at 31/12/2020
Hedging of interest rate risk	-2,075	-48	0	0	0	0	**-2,123**

in EURk	As at 01/01/2019	Gains and losses from effective hedging relations	Reclassifica-tions due to changed ex-pectations on realization of the underlying transaction	Reclassifications due to realization of the underlying transaction within profit and loss	Reclassifications due to expected unrecoverable losses stored within other comprehen-sive income	Reclassifications due to a basis adjustment	As at 31/12/2019
Hedging of interest rate risk	-233	-1,842	0	0	0	0	**-2,075**

9.3.3 FOREIGN CURRENCY RISK

In accordance with IFRS 7, currency risks arise from primary and derivative financial instruments whose currency of issue differs from the functional currency of an entity. The US dollar has been identified as the relevant risk variable in the Aves Group. In particular, the predominantly non-cash currency effects result from the euro financing available in the Container segment.

As at 31 December 2020 and 31 December 2019, no derivative financial instruments were held to hedge currency risks in connection with planned transactions in foreign currencies.

The currency effect resulting from currency translation in the fiscal year, which was recognized in profit or loss but mainly non-cash, amounted to EUR -17.8 million in the Container segment (PY: EUR 3.5 million). Due to the sale of the sea container portfolio in March 2021, only currency effects from this transaction and the associated repayment of the related financial liabilities will result in the coming fiscal year. Beyond this, there will be no currency effects from this area or from the functional currency USD in the sea container area, as all income and expenses of the portfolio will be economically attributable to the purchaser from 1 January 2021 onwards.

10 CAPITAL MANAGEMENT

Due to the continued strong growth of the Group, the Management Board manages the use of capital with the aim of maximising the income of those involved in the company by optimising the ratio of equity to borrowed capital and securing the profitability and continued existence of the company in the long term. In doing so, it ensures that the Group companies can operate under the premise of a going concern.

The Group's capital structure consists of debts and cash and cash equivalents as well as equity attributable to the equity holders of the parent company. This consists of issued shares, the capital reserve, retained earnings and the balance sheet profit.

The ratio of net financial debt to EBITDA is one of the parameters used in capital structure management.

Net financial debt is defined as the balance of cash and cash equivalents, financial receivables less financial debt, whereby the deduction of transaction costs within the meaning of IFRS 9 also takes place when determining net financial debt (see section 7.12).

Net debt is determined as follows:

in EURk	**2020**	**2019**
Liquid funds	17,283	30,887
Financial receivables	463	424
Financial liabilities	983,942	972,400
Net debt	**966,196**	**941,089**

The ratio of net debt to EBITDA is as follows:

in EURk	**2020**	**2019**
Net debt	**966,196**	**941,089**
EBITDA	81,800	84,600
Ration net debt/EBITDA	**12**	**11**

Due to the fact that the Group continues to grow strongly and has not yet reached its targeted operating size, the significance of this indicator is very limited. Despite the positive development of EBITDA, the sharp increase in net financial liabilities resulted in a year-on-year decline in EBITDA due to the extensive investments made in this key figure.

In addition, the Management Board generally pursues the goal of sustainably securing the equity base and generating an appropriate return on capital employed. A significantly higher equity ratio is targeted for the future, as this supports the independence and competitiveness of the company.

The Management Board also aims to ensure the continued existence of the operating companies and to finance both organic and inorganic growth. As of December 31, 2020, the Group's equity ratio was 1.4 % (previous year 4.0 %), which was mainly influenced by the impairment loss recognised on the sea container assets in the reporting year. The return on equity achieved in the year under review - the ratio of Aves One shareholders' share of consolidated net income to equity on the balance sheet date - was -409.4 % (previous year 28.8 %).

All contractually agreed financial covenants were complied with in the year under review.

11 COMMENTS ON THE CONSOLIDATED CASH FLOW STATEMENT

The consolidated statement of cash flows has been prepared in accordance with IAS 7 and presents the cash flows from operating, investing and financing activities. Cash inflows and outflows are presented separately from each other and independently of the structure of the statement of financial position.

The cash flow from operating activities is derived indirectly from the earnings before taxes for the period. The earnings before taxes for the period are adjusted for non-cash expenses and income, changes in working capital, and expenses and income attributable to investing and financing activities. In contrast, cash flows from investing and financing activities are determined directly.

The cash flows of subsidiaries whose functional currency is not the same as the reporting currency, EUR, are generally translated at transaction rates. In determining cash flows from operating activities, currency effects reflected in the change in working capital are eliminated. Consequently, the changes in balance sheet items presented in the consolidated statement of cash flows cannot be derived directly from the balance sheet.

Cash and cash equivalents of EURk 17,283 (previous year: EURk 30,887) comprise cash, demand deposits and other current, highly liquid financial assets with an original maturity of three months or less. In addition, as of December 31, 2020, there were restricted cash and cash equivalents in the amount of EURk 16,034 (previous year: EURk 21,976), the change in which is reported separately in cash flow from investing activities.

The payments for investments in intangible assets and property, plant and equipment (EUR 106.6 million; previous year: EUR 156.2 million) are mainly related to the acquisition of freight cars and swap bodies.

Capital expenditures were mainly financed by taking out bonds, loans from banks and institutional investors (EUR 252.5 million; previous year: EUR 276.9 million). Repayments of loans and other financial liabilities in the amount of EUR 231.5 million (previous year: EUR 179.6 million) mainly relate to scheduled repayments of financial liabilities.

Significant non-cash transactions:

2020:

Under an agreement dated December 30, 2020, an existing loan from Versorgungswerk der Zahnärztekammer Berlin, Körperschaft des öffentlichen Rechts, Berlin (hereinafter "VZB"), vis-à-vis Aves Asset Holding GmbH, Hamburg, was transferred to Aves One AG. In the course of this, the loan conditions for the subordinated loan were renegotiated with the result that this loan relationship is recognized in equity as hybrid capital in the amount of EURk 24,114 as of the balance sheet date in accordance with IAS 32. For details, please refer to the disclosures in the notes under section 7.11.5.

As part of the acquisition of a portfolio of 100 double pocket wagons with a volume of EUR 14,419 thousand, bank loans amounting to EURk 13,296 were taken over. As these are floating-rate financial liabilities, the existing interest rate hedging instruments were also transferred to the Aves Group in the course of the acquisition, increasing the purchase price.

The following table shows the reconciliation in accordance with IAS 7.44A-E:

in EURk	2020	2019
Financial liabilities		
As of 01/01/	**971,167**	**862,041**
Changes to the cashflow from financing activities	-15,523	64,645
Receipts from the issuing of bonds and (financial) loans	252,455	276,903
Amortization payments for bonds and (financial) loans	-231,465	-179,577
Payments relating to leasing liabilities	-763	-564
Transaction costs	-1,012	-1,273
Interest paid	-34,738	-30,844
Interest paid	34,738	30,844
Effect of exchange rate changes	-17,838	9,760
Other changes	11,398	3,877
As of 31/12/	**983,942**	**971,167**

12 OTHER INFORMATION

12.1 SECURITIES

In connection with the purchase of containers with a book value of EUR 104.4 million (PY EUR 222.9 million), the Group companies granted chattel mortgages (direct investors) or pledges (institutional investors) over the acquired assets. Furthermore, all the shares in the respective partnerships as well as corresponding bank accounts over which payment streams with asset managers are handled were pledged as security to institutional investors. Additionally, as a precaution all claims against the respective asset managers were pledged.

In the context of the financing of railway carriages three Group companies pledged their carriages with a book value of EUR 739.1 million (PY EUR 649.3 million) as well as their receivables in connection with railway carriages as security.

The contractual arrangements include financial covenants, essentially covering the following main aspects:

- a particular ratio of free cash flow to the required interest and amortisation payments and
- a particular ratio of the residual balance of the loans with reference to the value of the assets pledged as security,

which, depending on the respective covenant, may not exceed or fall short of the specified ratio.

A breaching of these covenants can have significant consequences for the Group, including a possible termination of the individual credit agreements. Consequently, the Group monitors the financial covenants continuously with due care on a forward-looking basis in order to be in a position to take appropriate measures at an early stage so as to avoid breaching the covenants. The financial covenants were not breached.

There are various letters of comfort and guarantees towards parties from outside the group:

As of 15 August 2016, Aves One AG issued a letter of comfort for BSI Blue Seas Investment GmbH towards BoxDirect GmbH (formerly BoXDirect AG). The object of this declaration, which is limited until 31 December 2016, is the promise of sufficient assets that permit BSI Blue Seas Investment GmbH to meet its obligations from the service contract concluded on 29 June 2016 until complete performance or until the end of the term of the contract. The declaration is also linked to the condition of being in force for as long as Aves One AG is a shareholder of BSI Logistics GmbH and (indirect) shareholder of BSI Blue Seas Investment GmbH. This declaration was extended from 16 February 2017 to 31 December 2017, from 28 February 2018 to 31 December 2018, from 13 March 2019 to 31 December 2019, from 13 March 2020 to 31 December 2020 and from 30 March to 31 December 2021. The risk of utilisation is assessed as low, since the obligations from this "master purchase, lease and repurchase agreement" can be met by BSI Blue Seas Investment GmbH in full and in time and utilisation therefore is not expected. Recognisable indications that would require any deviating assessment were not present by the time of preparation.

As of 11 May 2016, Aves One AG issued a letter of comfort for BSI Blue Seas Investment GmbH towards BoxDirect Vermögensanlagen GmbH (formerly BoxDirect Vermögensanlagen AG). The object of this declaration is the promise of sufficient assets that permit BSI Blue Seas Investment GmbH to meet its obligations from the "master purchase, rent and repurchase agreement" concluded on 06 January 2016 until complete performance or until the end of the term of the contract. The declaration shall also continue for as long as Aves One AG is a shareholder of BSI Logistics GmbH and (indirect) shareholder of BSI Blue Seas Investment GmbH. The risk of utilisation is assessed as low, since the obligations from this "master purchase, lease and repurchase agreement" can be met by BSI Blue Seas Investment GmbH in full and in time and utilisation therefore is not expected. Recognisable indications that would require any deviating assessment were not present by the time of preparation.

As of 12 July 2017, Aves One AG issued a letter of comfort for BSI Blue Seas Investment GmbH towards BoxDirect Erste Vermögensanlagen GmbH (formerly BoxDirect Erste Vermögensanlagen AG). The object of this declaration is the promise of sufficient assets that permit BSI Blue Seas Investment GmbH to meet its obligations from the "master purchase, rent and repurchase agreement" concluded on 12 July 2017 until complete performance or until the end of the term of the contract. The declaration shall also continue for as long as Aves One AG is a shareholder of BSI Logistics GmbH and (indirect) shareholder of BSI Blue Seas Investment GmbH. The risk of utilisation is assessed as low, since the obligations from this "master purchase, lease and repurchase agreement" can be met by BSI Blue Seas Investment GmbH in full and in time and utilisation therefore is not expected. Recognisable indications that would require any deviating assessment were not presen by the time of preparation.

As of 12 November 2018, Aves One AG issued several independent maximum amounts guarantees for BoxDirect GmbH with a total volume of up to EURk 8,804 (product 248 to 309). The object of each guarantee is to secure the repurchase obligations from the container direct investment business of BoxDirect GmbH. The guarantee remains valid until the complete expiration of all repurchase obligations arising from the container direct investment. The risk of recourse is considered to be low, as the obligation to repurchase from BoxDirect GmbH is again performed by BSI Blue Seas Investment GmbH, which in turn can fulfil this obligation completely and on time. There were no discernible indications at the time of preparation that would require a different assessment.

On 15 February 2019 and 16 July 2019, Aves One AG issued several independent letters of comfort for Container Invest GmbH in connection with products sold by the Company with a total volume of up to EURk 6,849 (product 312 to 336). The object in each case is to secure the repurchase obligations from the container direct investment business of Container Invest GmbH. The letters of comfort remain in force until all repurchase obligations arising from the container direct investment have expired in full. The risk of recourse is considered to be low, as the obligation to repurchase the container is assumed by Container Invest, which in turn is assumed by BSI Blue Seas Investment GmbH, which is able to meet this obligation in full and on time. There were no discernible indications at the time of preparation that would necessitate a different assessment.

12.2 OTHER FINANCIAL OBLIGATIONS

The nominal value of the other financial obligations for the business year 2020 and the prior year are as follows:

in EURk	up to one year	more than one up to five years	more than five years	Total 31/12/2020
Order obligation	3,328	0	0	3,328
Total	**3,328**	**0**	**0**	**3,328**

in EURk	up to one year	more than one up to five years	more than five years	Total 31/12/2019
Order obligation	43,570	0	0	43,570
Total	**43,570**	**0**	**0**	**43,570**

The ordering obligation refers to ordered railway carriages that will be delivered in 2021.

12.3 AUDITOR'S FEES

In the 2019 business year, the following fees charged by the auditor or group auditor were incurred (disclosure in accordance with § 314 (1) no. 9 HGB in connection with § 315e (1) HGB).

in EURk	2020	2019
Audit services	943	284
Tax advisory services	127	5
Other attestation services	0	0
Other services	30	0
Total	**1,100**	**289**

The fees in the reporting year relate exclusively to auditing services provided by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, in connection with the audit of the individual and consolidated financial statements of Aves One AG as of December 31, 2020 and the review of the consolidated financial statements of Aves One AG as of June 30, 2020, as well as EURk 271 for the audit of the 2019 annual financial statements.

Tax consultancy services relate to support in the preparation of tax returns.

Other services relate to audit support for process optimization in the tax area.

12.4 ANNUAL AVERAGE NUMBER OF EMPLOYEES

The following table sets out the average number of employees during the year.

	2020	2019
Salaried staff	44	44
thereof abroad	3	3

12.5 CONTINGENT LIABILITIES

In accordance with the purchase and sale, leaseback and repurchase agreement described further under 14.1.2, the payment of a deposit to BoxDirect GmbH as security for payment commitments has been contractually agreed. The deposit is only payable if and when BoxDirect demands the payment in writing, whereby deposits for various individual lease agreements are to be subsumed within one payment.

The deposit requires settlement within two weeks of the request for payment and, at the option of the Group, can be settled as follows.

- in cash,
- by pledging a bank balance on a separate designated deposit security account, or
- by pledging containers or other assets

As at 31 December 2020 and 31 December 2019 the providing of such securities had not been requested by BoxDirect GmbH. Deposits required under the current circumstances would amount to EUR 0.2m (PY EUR 2.0m).

In addition to this, there are various letters of comfort and guarantees; on this, see other information, 12.1.

12.6 DECLARATION OF COMPLIANCE

The declaration of compliance of the Management Board and the Supervisory Board with the recommendations of the „Government Commission on the German Corporate Governance Code" pursuant to section 161 of the German Stock Corporation Act (AktG) is permanently accessible at the internet address http://www.avesone.com.

12.7 DECLARATION OF CONFORMITY

The Declaration of Conformity issued by the Executive Board and Supervisory Board on the recommendations of the "Government Commission on the German Corporate Governance Code" pursuant to Section 161 of the German Stock Corporation Act (AktG) has been made permanently available at the Internet address https://www.avesone.com.

13 POST BALANCE SHEET DATE EVENTS

Establishment of a financing line

To finance further growth, a financing line of EUR 75 million was agreed with KfW IPEX-Bank. Furthermore, the interest rate level was further reduced by adjusting the financing conditions of existing loans with a total volume of EUR 155 million, resulting in annual interest savings of around EUR 0.75 million.

Dismissal of appeal against non-admission

In an earlier legal dispute, the Senate had awarded SLI Dritte the contractual penalty claim of USD 3.0 million plus interest in a judgment dated 4 June 2019. On 1 July 2019, Aves Asset Holding GmbH, Hamburg, (formerly BSI Blue Seas Investment GmbH, Hamburg) filed a non-admission appeal against this judgment with the Federal Supreme Court (Bundesgerichtshof, hereinafter "BGH"). By decision of 23 February 2021, the BGH dismissed the non-admission appeal and thus refused to allow an appeal of the appeal judgment, which has thus become final. Further legal remedies, such as a theoretically possible constitutional complaint, were not filed by Aves due to the lack of prospects of success. The BGH's decision does not result in a liquidity outflow for the Aves Group.

Sale of maritime container portfolio

By asset purchase agreement dated 18 March 2021, almost the entire maritime container portfolio was sold to the investment company OHA KY Investment 1, L.P., George Town, Cayman Islands, for a purchase price of around USD 182.5 million. The sea container segment will thus be completely discontinued after completion of the transaction, which will take place in several tranches in the coming months of the 2021 financial year. The associated direct financial liabilities, which were taken out for the financing of the sea containers, will be fully repaid in the 2021 financial year. An insignificant number of containers (795 units) that were not sold as part of the purchase agreement will be sold via an asset manager in the coming months. Thus, after this sale, only the swap bodies will remain in the Container segment. With this step, the company is finally completing its focus on the sustainable core area of Rail.

The liquid funds of around USD 23.8 million generated from the sale of the maritime container portfolio and the financing line of EUR 75.0 million will enable Aves to continue its growth course uninterrupted in 2021.

Changes in the Executive Board

With the completion of the sale of Seecontainer, Jürgen Bauer left the company's Executive Board on 31 March 2020, but will remain associated with the Aves Group in an advisory capacity.

There were no other significant events after the balance sheet date.

14 RELATIONSHIPS WITH RELATED UNDERTAKINGS AND PERSONS

14.1 RELATED UNDERTAKINGS AND PERSONS

14.1.1 GENERAL

A company or individual is referred to as a related person or undertaking in the consolidated financial statement if

- the direct or indirect potential exists for the party to exert control or significant influence over the operational or financial decisions of the Group or, conversely, the Group is in a position to exert control or significant influence over the related party; or
- the party is under common control or common significant influence; or
- the business is controlled by key management personnel or is under common management of a business in which such a person holds a participation.

As of the balance sheet date, Mr Jörn Reinecke eK held around 30 % of the shares of the Aves Group. Due to his extensive entrepreneurial activities, mainly through his direct and indirect shareholdings in companies controlled by him, all business relationships of the Aves Group with these companies are reported as relationships with related parties.

14.1.2 ESSENTIAL RELATIONSHIPS WITH RELATED UNDERTAKINGS AND PERSONS

In addition to the material relationships with four BoxDirect companies mentioned in the Annual Report 2018, the group of related companies was expanded in the reporting period to include Container Invest GmbH, Hamburg. The purpose of this company is also to provide services in connection with the financing of container equipment.

In addition, the Versorgungswerk der Zahnärztekammer Berlin K.d.ö.R, Berlin, has significant influence on the Aves Group due to the distribution of voting rights in accordance with the definition in IAS 28. The economic relationships in the reporting period are explained in section (E).

BoxDirect-Companies

Significant relationships exist with four related companies of Aves One AG, BoxDirect GmbH, BoxDirect Erste Vermögensanlagen GmbH, BoxDirect Vermögensanlagen GmbH and Container Invest GmbH (hereinafter the "BoxDirect Companies"), which provide the following services for the Group in connection with container equipment:

1. Coordination of sales-related services for the placement of direct investments in containers

2. Coordination of services in dealing with investors after the placement has taken place

3. Management services

4. Administrative and IT services in the course of strategy, control and risk management

The BoxDirect companies offer private investors the opportunity to subscribe to direct container investments. Since 2017, BoxDirect Vermögensanlagen GmbH and BoxDirect Erste Vermögensanlagen GmbH have been selling direct investments and BoxDirect GmbH has been selling private placements.

The investors obtain civil law ownership to the containers, which the BoxDirect Companies in turn acquire from subsidiaries of Aves One AG. At the same time, the containers are leased back by the investors to BoxDirect companies, and in turn BoxDirect companies leases them back to subsidiaries of Aves One AG.

Already at the time of sale, the subsidiaries of Aves One commit themselves to a civil law repurchase of the containers at a specified date, whereby the lease instalments, the term of the lease and the repurchase value are all contractually agreed at the time of sale (sale, leaseback and repurchase agreement).

The containers are then leased out to shipping and transport businesses by the respective container manager engaged.

The economic substance of the afore-mentioned transactions corresponds to the granting of a loan by the investors to the BoxDirect Companies and from the BoxDirect Companies to the Group, as the contract parties agree the repurchase at a fixed price after a predetermined interim rental period already at the time of the sale of the containers.

The sales services provided by the BoxDirect companies (1) and the investor support services (2) are remunerated on the basis of the volume of purchase, rental and repurchase agreements concluded (KMR agreements). In addition, BoxDirect GmbH received a flat fee (3) of EUR 250,000 per year for management services, and BoxDirect Erste Vermögensanlagen GmbH and Container Invest GmbH each received a flat fee (3) of EUR 80,000 per year. For administrative and IT services rendered (4), remuneration is based on corresponding expenses.

14.1.3 SIGNIFICANT TRANSACTION WITH RELATED UNDERTAKINGS AND PERSONS IN THE BUSINESS YEAR OR THE PRIOR YEAR

The following significant transactions were conducted with related parties in the 2020 financial year:

(A) Sale, leaseback and resale contracts with BoxDirect GmbH, BoxDirect Vermögensanlagen GmbH, BoxDirect Erste Vermögensanlagen GmbH and Container Invest GmbH

The balance resulting from BoxDirect-entities from SLR agreements and extension agreement is at balance sheet date approx. EUR 146 million.

Interest expenses for financial liabilities in the reporting year arose at EUR 5.6 million.

In connection with the SLR agreements there are several guarantees for the BoxDirect entities. For further details please see chapter 12.1.

(B) Service contracts with BoxDirect GmbH, BoxDirect Vermögensanlagen GmbH, BoxDirect Erste Vermögensanlagen GmbH and Container Invest

Due to the existing service agreements with the BoxDirect companies, the Group companies were invoiced amounts of EUR 2.1 million in 2020, in particular for sales services, management services and investor support.

(C) Deferred settlement and netting agreement with BoxDirect GmbH

The contracting parties have agreed that they can defer interest on mutual receivables resulting from the SLR and service agreement at an interest rate of 5.0 % p.a. The interest rate is calculated on the basis of the net present value of the receivables. In addition, in order to simplify the payment processing of all reciprocal receivables, it was agreed that receivables falling due during the term of the agreement would be placed in a settlement relationship similar to a current account. The receivables are netted and settled at the end of each month.

Interest expenses in the amount of EUR 0.2 million arose from the deferred settlement agreement in 2020.

(D) Service contract H2S Holzhafen Service GmbH and Asset management agreement with ERR European Rail Rent GmbH

In accordance with the framework service agreement of April 1, 2019, H2S Holzhafen Service GmbH, in which the company holds a 25% share, will take over various commercial and IT services at the Aves site. In the 2020 business year, H2S Holzhafen Services GmbH invoiced a total of EUR 0.3 million.

ERR Duisburg has been engaged to manage, service and maintain freight wagons. ERR Duisburg receives a fee of EUR 1.00 per day and carriage as well as 10 % of the net wagon rent receivable by ERR European Rail Rent GmbH. Furthermore, ERR European Rail Rent GmbH is entitled to 5 % of the value of wagons as well as spare parts procured by ERR European Rail Rent GmbH. In the 2020 business year, ERR European Rail Rent GmbH invoiced a total of EUR 11.5 million.

By agreement dated 16 July 2018, the 33.3 % interest in ERR Duisburg was sold to the company itself. As a result, ERR has left the Aves Group.

With effect from 3 December 2018, Jürgen Bauer acquired shares in ERR Duisburg. Thus, ERR Duisburg is to be regarded as a related company from this date.

(E) Financing agreements with pension fund of the Berlin Chamber of Dentists („Versorgunsgwerk der Zahnärzte-Kammer Berlin "

There are various financing agreements with the pension fund of the Berlin Chamber of Dentists K.d.ö.R., Berlin, with a nominal volume of EUR 24.2 million at an interest rate of 6.5 % and with a nominal volume of USD 10.1 million at an interest rate of 5,5 % for the financing of freight and tank wagons and containers. In the period under review, these financing agreements resulted in interest expenses of EUR 2.2 million for various Group companies; the amount as at 31 December 2020 was EUR 32.4 million.

The following material transactions in fiscal year 2020 relate to companies accounted for using the equity method and other investments:

(F) Loan granted to BSI Conical Container GmbH

A Group entity granted a loan subject to interest at 5.0 % p.a. of up to EUR 4.0 million, of which EUR 0.3 million were outstanding at 31 December 2019, to BSI CONICAL Container GmbH for the purposes of ensuring the liquidity of the entity. The loan is unsecured and may be terminated at three months'notice to the end of a month. In the 2020 business year, interest income of EURk 17 arose.

All business transactions with related parties are conducted on an arm's length basis.

14.2 INFORMATION ON RELATIONSHIPS WITH RELATED PERSONS AND UNDERTAKINGS

(1) Transactions recorded in fixed assets or equity, and itmes reflected in the valuation or financial liabilities

in EURk	Text item	31.12.2020	31.12.2019
Purchases of goods and services from undertakings accounted for at equity and other holdings			
Goods	D	0	0
Services	D	298	123
Purchases of goods and services from related undertakings and persons			
Goods	D	51,661	13,031
Services	B	5,384	3,481

(2) Transactions recorded in profit and loss

in EURk	Text item	2020	2019
Revenues from and costs charged by controlling entities			
Sales, other operating income	D	59	0
Costs		0	0
Interest income	F	17	0
Interest cost		0	0
Revenues from and costs charged by controlling entities			
Sales, other operating income	D	59,993	35,633
Costs	B,D	9,479	7,426
Interest income	C,F	0	131
Interest cost	A,E	7,882	10,629

Expenses to other related parties include expenses from the addition of allowances for trade receivables in the amount of EURk 354.

(3) Outstanding itmes in the balance sheet

in EURk	Reference	31/12/2020	31/12/2019
Receivables towards other related parties			
Trade accounts receivable	A,D	0	0
Financial receivables	D,F	0	0
Other receivables	D	14	0
Liabilities towards other related parties			
Trade accounts payable	A,D	66	0
Financial liabilities	A,F	334	0
Other receivables		0	0
Receivables towards entities accounted for using the equity method			
Trade accounts receivable	A,D	1,367	5,239
Financial receivables	D,F	3,327	3,439
Other receivables	A	36	204
Liabilities towards entities accounted for using the equity method			
Trade accounts payable	A,D	4,202	4,675
Financial liabilities	A,E	107,859	201,512
Other receivables		0	4

As of December 31, 2020, allowances for trade receivables from other related parties amounting to EURk 354 have been recognized.

14.3 REMUNERATION OF MANAGEMENT BOARD, SUPERVISORY BOARD AND KEY MANAGEMENT

The Management Board, the Supervisory Board and the key management of the Group as well as close members of the families of these individuals constitute related parties in accordance with IAS 24, whose remuneration needs to be shown separately.

in EURk	2020	2019
Short term remuneration		
thereof Management Board	1,143	1,120
thereof key Group management	1,280	1,280
thereof Supervisory Board	124	145
Total	**2,547**	**2,545**

The composition of the Executive Board, Supervisory Board and key management personnel has not changed in the reporting period compared to the previous year.

Please refer to section 7.11 for information on the one-off grant made to Mr Tobias Aulich in the reporting period as part of his share-based remuneration agreement.

15 LIST OF SHAREHOLDINGS

Name and headquarters of the company	Share in %		Equity in EURk	Annual profit in EURk
	Directly	Indirectly		
Fully consolidated entities				
Holding				
BSI Logistics GmbH, Hamburg	0.0	0.0	0	0
CH2 Contorhaus Hansestadt Hamburg AG, Hamburg	70.0	30.0	2,230	826
CH2 Logistica Portfolioverwaltung GmbH & Co. KG, Hamburg	0.0	100.0	-3,889	-149
CH2 Logistica No. 2 Asset GmbH, Hamburg	0.0	100.0	12	0
CH2 Datentreuhand GmbH, Hamburg	0.0	100.0	10	-7
Aves Transport 1 GmbH & Co. KG, Hamburg	0.0	100.0	-768	61
Aves Transport 2 GmbH & Co. KG, Hamburg	0.0	100.0	-1,198	-1,198
Aves Storage Verwaltungs GmbH, Hamburg	0.0	0.0	0	0
Aves Storage GmbH & Co. KG, Hamburg	0.0	0.0	0	0
Aves Logistik Immobilien Verwaltungs GmbH, Hamburg	0.0	100.0	25	-3
Aves Logistik Immobilien GmbH & Co. KG, Hamburg	0.0	100.0	-27	-7
Aves LI Alsdorf Holding GmbH & Co. KG, Hamburg	0.0	100.0	-524	-161
Aves LI Alsdorf Betriebs GmbH & Co. KG, Hamburg	0.0	94.9	3,208	153
Container				
Aves Asset Holding GmbH, hamburg (formerly: BSI Blue Seas Investment GmbH, Hamburg)	100.0	0.0	34,755	-62,135
BSI Asset GmbH, Hamburg	0.0	0.0	0	0
BSI Regulierte Direktinvestment II GmbH & Co. KG, Hamburg	0.0	0.0	0	0
BSI Blue Seas Direktinvestment I GmbH & Co. KG, Hamburg	0.0	0.0	0	0
BSI Direktinvestment II GmbH & Co. KG , Hamburg	0.0	0.0	0	0
BSI Direktinvestment III GmbH & Co. KG, Hamburg	0.0	0.0	0	0
BSI Direktinvestment Verwaltungs GmbH	0.0	0.0	0	0
BSI Logistics II GmbH & Co. KG, Hamburg	0.0	100.0	-3,288	-6,003
BSI Zweite Verwaltungs GmbH, Hamburg	0.0	100.0	27	0
BSI Logistics III GmbH & Co. KG, Hamburg	0.0	0.0	0	0
BSI Dritte Verwaltungs GmbH, Hamburg	0.0	0.0	0	0
BSI Logistics IV GmbH & Co. KG, Hamburg	0.0	100.0	-2,404	-3,271
BSI Vierte Verwaltungs GmbH, Hamburg	0.0	100.0	14	0
BSI Logistics V GmbH & Co. KG, Hamburg	0.0	0.0	0	0
BSI Fünfte Verwaltungs GmbH, Hamburg	0.0	100.0	18	1
BSI Logistics VI GmbH & Co. KG, Hamburg	0.0	100.0	-6,997	-6,194
BSI Sechste Verwaltungs GmbH, Hamburg	0.0	100.0	14	1
BSI Logistics VII GmbH & Co. KG, Hamburg	0.0	0.0	0	0
BSI Siebte Verwaltungs GmbH, Hamburg	0.0	0.0	0	0
BSI Logistics VIII GmbH & Co. KG, Hamburg	0.0	100.0	580	136
BSI Achte Verwaltungs GmbH, Hamburg	0.0	100.0	20	1
BSI Logistics IX GmbH & Co. KG, Hamburg	0.0	100.0	-4,383	-2,579
BSI Blue Seas Resale GmbH, Hamburg	0.0	100.0	38	5
Aves Special Equipment Management GmbH, Hamburg	100.0	0.0	7	-1

Aves Special Equipment Holding GmbH & Co. KG, Hamburg	0.0	100.0	1,520	-158
Aves Special Equipment I GmbH & Co.KG, Hamburg	0.0	100.0	-225	-353
Aves Special Equipment I Verwaltungs GmbH, Hamburg	0.0	100.0	27	4
Aves Special Equipment II GmbH & Co. KG, Hamburg	0.0	100.0	848	64
Aves Special Equipment Zweite Verwaltungs GmbH, Hamburg	0.0	100.0	14	1
Aves Special Equipment III GmbH & Co. KG, Hamburg	0.0	100.0	3,668	291
Aves Special Equipment IV GmbH & Co. KG, Hamburg	0.0	100.0	1,367	125
Aves Special Equipment V GmbH & Co. KG, Hamburg	0.0	100.0	-703	-134
Aves Special Equipment VI GmbH & Co. KG, Hamburg	0.0	100.0	-275	-121
Rail				
ARHA Invest GmbH, Wien, Österreich	100.0	0.0	-2,065	-2,092
Aves Rail Rent GmbH, Perchtoldsdorf, Österreich	0.0	100.0	37,435	-6,403
Aves Rail Equipment Holding GmbH & Co. KG, Hamburg (formerly: Aves Rail Equipment Holding GmbH, Hamburg)	0.0	100.0	1,416	264
Aves Rail Junior I Verwaltungs GmbH, Hamburg	0.0	100.0	21	3
Aves Rail Junior I GmbH & Co. KG, Hamburg	0.0	100.0	-106	-38
Aves Rail Equipment I GmbH & Co. KG, Hamburg	0.0	0.0	0	0
Aves Rail Equipment Verwaltungs GmbH, Hamburg	0.0	100.0	12	0
Aves Rail Equipment II GmbH & Co. KG, Hamburg	0.0	100.0	1	0
Aves Rail Equipment Zweite Verwaltungs GmbH, Hamburg	0.0	100.0	13	0
Aves Rail Equipment III GmbH & Co. KG, Hamburg	0.0	100.0	3,552	2,800
Aves Rail Equipment Dritte Verwaltungs GmbH, Hamburg	0.0	100.0	24	0
Aves Rail Equipment IV GmbH & Co. KG, Hamburg	0.0	100.0	4,265	2,882
Aves Rail Equipment Vierte Verwaltungs GmbH, Hamburg	0.0	100.0	12	0
Aves Eins GmbH, Wien, Österreich	100.0	0.0	244	197
Aves Rail Rent Hamburg GmbH, Hamburg	0.0	100.0	708	0
Aves Rail Rent Verwaltungs GmbH, Hamburg	0.0	100.0	26	1
Aves Schienenlogisitk 1 GmbH & Co. KG, Hamburg	0.0	100.0	-4,222	-915
Aves Eisenbahn 1 GmbH & Co. KG, Hamburg	0.0	0.0	0	0
Aves Rail Junior III GmbH & Co. KG	0.0	100.0	39	25
Aves Rail Junior III 2 GmbH & Co. KG, Hamburg	0.0	100.0	-38	30
Aves Rail Equipment V GmbH & Co. KG, Hamburg	0.0	100.0	-5	-3
Aves Rail Equipment Fünfte Verwaltungs GmbH, Hamburg	0.0	100.0	12	0
Companies accounted for using the equity method				
BSI CONICAL Container GmbH, Hamburg (Segment Container)	0.0	51.0	-257	-48
H2S Holzhafen Service GmbH, Hamburg (Segment Holding)	0.0	25.0	312	23

16 SUPERVISORY BOARD

16.1 SUPERVISORY BOARD MEMBERS

- Mr Ralf Wohltmann, Berlin, chairman, Merchant
- Mr Emmerich G. Kretzenbacher, Hamburg, deputy chairman, Wirtschaftsprüfer and Steuerberater (certified auditor and tax advisor)
- Ms Britta Horney, Appen, Lawyer
- Mr Rainer W. Baumgarten, Hamburg, Commercial Manager

16.2 FURTHER APPOINTMENTS OF THE SUPERVISORY BOARDS

Mr Ralf Wohltmann:

- 7orca Asset Management AG, Supervisory Board chairman
- MAGNA Asset Management AG, Supervisory Board chairman
- Engel & Völkers Capital AG, Deputy Supervisory Board chairman
- Kapilendo AG, Deputy Supervisory Board chairman
- Element Insurance AG
- Engel & Völkers AG

Mr Emmerich G. Kretzenbacher:

- Engel & Völkers Capital AG, Supervisory Board chairman
- Jung, DMS & Cie. AG, Deputy Supervisory Board chairman
- JDC Group AG, Deputy Supervisory Board chairman
- Finum Private Finance AG

Ms Britta Horney:

- CH2 Contorhaus Hansestadt Hamburg AG

17 MANAGEMENT BOARD

17.1 MEMBERS OF THE MANAGEMENT BOARD

- Mr Tobias Aulich, Commercial Manager
- Mr Sven Meißner, Commercial Manager

17.2 OTHER APPOINTMENTS OF THE MANAGEMENT BOARD

Mr Sven Meißner

- MAGNA Asset Management AG, Supervisory board member

18 APPLICATION OF § 264 B HGB

For each of the following companies, the exemption provision of Section 264 b HGB will be applied for the annual financial statements as of December 31, 2020:

- CH2 Logistica Portfolioverwaltung GmbH & Co. KG, Hamburg
- BSI Logistics II GmbH & Co. KG, Hamburg
- BSI Logistics IV GmbH & Co. KG, Hamburg
- BSI Logistics VI GmbH & Co. KG, Hamburg
- BSI Logistics VIII GmbH & Co. KG, Hamburg
- BSI Logistics IX GmbH & Co. KG, Hamburg
- Aves Special Equipment Holding GmbH & Co. KG, Hamburg
- Aves Special Equipment I GmbH & Co.KG, Hamburg
- Aves Special Equipment II GmbH & Co. KG, Hamburg
- Aves Special Equipment III GmbH & Co. KG, Hamburg
- Aves Special Equipment IV GmbH & Co. KG, Hamburg
- Aves Special Equipment V GmbH & Co. KG, Hamburg
- Aves Special Equipment VI GmbH & Co. KG, Hamburg
- Aves Rail Junior I GmbH & Co. KG, Hamburg
- Aves Rail Junior III GmbH & Co. KG, Hamburg
- Aves Rail Junior III Zweite GmbH & Co. KG, Hamburg
- Aves Rail Equipment Holding GmbH & Co. KG, Hamburg
- Aves Rail Equipment II GmbH & Co. KG, Hamburg
- Aves Rail Equipment III GmbH & Co. KG, Hamburg
- Aves Rail Equipment IV GmbH & Co. KG, Hamburg
- Aves Rail Equipment V GmbH & Co. KG, Hamburg
- Aves Rail Rent Hamburg GmbH & Co. KG, Hamburg
- Aves Logistics Immobilien GmbH & Co. KG, Hamburg
- Aves LI Alsdorf Holding GmbH & Co. KG, Hamburg
- Aves LI Alsdorf Betriebs GmbH & Co. KG, Hamburg
- Aves Schienenlogistik 1 GmbH & Co. KG, Hamburg
- Aves Transport 1 GmbH & Co. KG, Hamburg
- Aves Transport 2 GmbH & Co. KG, Hamburg

19 RESPONSIBILITY STATEMENT OF LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group, and the combined management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Hamburg, April 30 2020

The Management Board

INDEPENDENT AUDITOR'S RE-PORT

To Aves One AG, Hamburg

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

AUDIT OPINIONS

We have audited the consolidated financial statements of Aves One AG, Hamburg, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2020, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the financial year from January 1 through December 31, 2020 and notes to the consolidated financial statements, including a summary of significant accounting policies presented therein. In addition, we have audited the group management report of Aves One AG for the financial year from January 1 through December 31, 2020. We have not audited the content of the statement on corporate governance pursuant to § [Article] 289f and §315d HGB [Handelsgesetzbuch: German Commercial Code] in accordance with the German legal requirements.

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 IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to [§ [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code]] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2020, and of its financial performance for the financial year from January 1, through December 31, 2020, 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 include the content of the above-mentioned corporate governance statement.

Pursuant to § [Article] 322 Abs. [paragraph] 3 Satz [sentence] 1 HGB [Handelsgesetzbuch: German Commercial Code], 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 § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") 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 entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. 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.

KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1, 2020 to December 31,

2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

(1) Recoverability of goodwill
(2) Recoverability of the carrying amounts of fixed assets in the sea containers segment
(3) Deferred tax assets in particular relating to tax loss carryforwards

Our presentation of these key audit matters has been structured in each case as follows:

(1) Matter and issue
(2) Audit approach and findings
(3) Reference to further information

Hereinafter we present the key audit matters:

(1) RECOVERABILITY OF GOODWILL

(1) Goodwill amounting to EUR 5.6 million is reported under the "Intangible assets" balance sheet item in the Company's consolidated financial statements. Goodwill is tested for impairment by the Company once a year or when there are indications of impairment to determine any possible need for write-downs. The impairment test is performed at the level of the group of cash-generating units, sea containers and swap bodies (which together form the Container segment), to which the goodwill is allocated. The carrying amount of the cash-generating units, including goodwill, is compared with the corresponding recoverable amount in the context of the impairment test. The recoverable amount is generally calculated on the basis of fair value less costs of disposal. The basis for the assessment is the disposal value of the sea containers as well as the present value of the future cash flows from the swap bodies business of the cash-generating units. The present value is calculated using discounted cash flow models. For this purpose, the adopted medium-term business plan of the Group forms the starting point which is extrapolated based on assumptions about long-term rates of growth. These projections also factor in expectations as to the future development of the market and assumptions as to the development of macroeconomic variables, as well as the expected impacts of the ongoing coronavirus crisis on the Group's business. The discount rate used is the weighted average cost of capital for the group of cash-generating units. The impairment test determined that no write-downs were necessary.

The outcome of this valuation is dependent to a large extent not only on the estimates made by the executive directors with respect to the future cash inflows from the group of cash-generating units, the discount rate used, the rate of growth and other assumptions but also the impacts of the coronavirus pandemic, and is therefore subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

(2) As part of our audit, we reviewed the methodology employed for the purposes of performing the impairment test, among other things. After matching the future cash inflows used for the calculation against the adopted medium-term business plan of the Group, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sector-specific market expectations. In this context, we also assessed the executive directors' estimate as to the impact of the coronavirus pandemic on the Group's business and evaluated how this was taken into consideration in calculating the future cash flows. In addition, we assessed the appropriate consideration of the costs of Group functions. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the group of cash-generating units, the containers segment, calculated in this way, we also focused our testing in particular on the parameters used to determine the discount rate applied, and evaluated the measurement model. Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and fall within the ranges considered by us to be reasonable.

(3) The Company's disclosures about goodwill are contained in the notes to the consolidated financial statements in the section entitled “Accounting and Valuation Principles” and in note 7.1.

(2) RECOVERABILITY OF THE CARRYING AMOUNTS OF FIXED ASSETS IN THE SEA CONTAINERS SEGMENT

(1) Sea containers with residual carrying amounts of EUR 180.2 million are reported in the consolidated financial statements of the Company as at December 31, 2020. As reported in the consolidated financial statements, the sea container area has recorded severe losses for several years. Previously, these losses had been caused by income in the sea container area being insufficient to cover expenses, particularly depreciation, amortization and write-downs. Due to the cumulative losses, it is questionable whether the carrying amounts for fixed assets in the sea container area of EUR 180.2 million reported in the consolidated financial statements are recoverable. The sea containers are tested for impairment by the Company whenever there are indications of impairment to determine any possible need for write-downs. The impairment test is performed at the level of the cash-generating units in accordance with IAS 36. The carrying amount of the relevant cash-generating unit is compared with the corresponding recoverable amount for the purposes of the impairment test. The recoverable amount is generally calculated on the basis of the higher of fair value less costs of disposal and the value in use. The basis for the assessment is the disposal value of the sea containers (in the case of fair value less costs to sell) or the present value of the future cash flows (in the case of the value in use) of the respective cash-generating units. The present values are calculated using discounted cash flow models. For this purpose, the adopted medium-term business plan of the Group forms the starting point which is extrapolated based on assumptions about long-term rates of growth. These projections also factor in expectations as to the future development of the market and assumptions as to the development of macroeconomic variables, as well as the expected impacts of the ongoing coronavirus crisis on the Group's business. The discount rate used is the weighted average cost of capital for the respective cash-generating units. Based on the fair value less costs of disposal, which exceeded the value in use of the relevant cash-generating units as of the reporting date, the impairment tests resulted in impairments amounting to EUR 33.1 million in total for the respective cash-generating units.

The outcome of this valuation is dependent to a large extent not only on the estimates made by the executive directors with respect to the future cash inflows from the respective cash-generating unit, the discount rate used and other assumptions but also the impacts of the coronavirus pandemic, and is therefore subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

(2) As part of our audit, we assessed the methodology used for the purposes of performing the impairment test, among other things. After matching the future cash inflows used for the calculation against the adopted medium-term business plan of the Group, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sector-specific market expectations. In this context, we also assessed the executive directors' estimate as to the impact of the coronavirus pandemic on the Group's business and evaluated how this was taken into consideration in calculating the future cash flows. With the knowledge that even relatively small changes in the discount rate applied can have a material impact on the recoverable amounts calculated in this way, we also focused our testing in particular on the parameters used to determine the discount rate applied, and evaluated the measurement model. In order to reflect the uncertainty inherent in the projections, we evaluated the sensitivity analyses performed by the Company.

Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

(3) The Company's disclosures about the valuation of the sea containers are contained in the notes to the consolidated financial statements in the section entitled "Accounting and Valuation Principles" and in note 6.8.

(3) DEFERRED TAX ASSETS IN PARTICULAR RELATING TO TAX LOSS CARRYFORWARDS

(1) In the consolidated financial statements of the Company deferred tax assets amounting to EUR 15.0 million after netting are reported. Deferred tax assets amounting to EUR 22.6 million, of which EUR 17.1 million related to tax loss carryforwards, were recognized before netting with matching deferred tax liabilities. Deferred tax assets are recognized on temporary differences and tax loss carryforwards to the extent that the executive directors consider it probable that taxable profit will be available in the future which will enable the deductible temporary differences and tax losses to be utilized.

If insufficient deferred tax liabilities are available, forecasts of future taxable profits are determined for this purpose. These taxable profits are taken from the tax planning projections, including the expected impacts of the persistent coronavirus crisis, prepared by the executive directors which are derived from the Group's multi-year plan for 2021 to 2025.

From our point of view, the accounting treatment of deferred tax assets was of particular significance in the context of our audit, as it depends to a large extent on the estimates and assumptions made by the executive directors and is therefore subject to uncertainties, including against the backdrop of the impacts of the coronavirus crisis.

(2) For the purposes of our audit, we involved internal specialists from our Tax Reporting & Strategy department in connection with assessing the recoverability of the tax items and the appropriateness of their accounting treatment.

With their assistance, we reviewed, among other things, the internal processes and controls for recording tax matters as well as the methodology adopted for the determination, accounting treatment and measurement of deferred taxes.

We further assessed the recoverability of the deferred taxes recognized in relation to tax loss carryforwards and deductible temporary differences on the basis of the Company's internal forecasts of the future taxable earnings situation by comparing them with the tax planning projections prepared by the executive directors and derived from the multi-year plan for 2021 to 2025, and we evaluated the appropriateness of the underlying estimates and assumptions. In doing so, we also assessed the executive directors' estimate as to the impact of the coronavirus pandemic on the Group's business and evaluated how this was taken into consideration in calculating future earnings.

Based on our audit procedures, we were able to satisfy ourselves that the estimates and assumptions made by the executive directors are substantiated and sufficiently documented.

(3) The Company's disclosures about the deferred tax assets and tax loss carryforwards are contained in the notes to the consolidated financial statements in the section entitled "Accounting and Valuation Principles" as well as in note 7.10.

OTHER INFORMATION

The executive directors are responsible for the other information. The other information comprises the statement on corporate governance pursuant to § 289f and 315 d HGB.

The other information comprises further remaining parts of the annual report – excluding further cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

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, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS 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 IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and that the consolidated financial statements, in compliance with these requirements, 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 have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group'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 unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

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

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and 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 § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (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 judgment and maintain professional skepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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 of the Group.
- 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 respective audit opinions. 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 IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. [paragraph] 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit 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.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

ASSURANCE REPORT IN ACCORDANCE WITH § 317 ABS. [PARAGRAPH] 3B HGB ON THE ELECTRONIC REPRODUCTION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT PREPARED FOR PUBLICATION PURPOSES

Reasonable Assurance Conclusion

We have performed an assurance engagement in accordance with § 317 Abs. [paragraph] 3b HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the attached electronic file AO_AG_KA+KLB_ESEF-2020-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. [paragraph] 1 HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned electronic file beyond this reasonable assurance conclusion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January 1 to December 31, 2020 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above.

Basis for the Reasonable Assurance Conclusion

We conducted our assurance engagement on the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file in accordance with § 317 Abs. 3b HGB and the Exposure Draft of IDW Assurance Standard: Assurance in Accordance with § 317 Abs. 3b HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410) and the International Standard on Assurance Engagements 3000 (Revised). Accordingly, our responsibilities are further described below in the "Group Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the group management report in accordance with § 328 Abs. [paragraph] 1 Satz [sentence] 4 no. 1 HGB [Handelsgesetzbuch: German Commercial Code] and for the tagging of the consolidated financial statements in accordance with § 328 [paragraph] 1 Satz [sentence] 4 no. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. [paragraph] 1 HGB for the electronic reporting format, whether due to fraud or error.

The executive directors of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and audited group management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

The Supervisory Board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. [paragraph] 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance engagement. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. [paragraph] 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance conclusion.
- Obtain an understanding of internal control relevant to the assurance engagement on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance conclusion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version applicable as at the balance sheet date on the technical specification for this electronic file.

- Evaluate whether the ESEF documents enables a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

FURTHER INFORMATION PURSUANT TO ARTICLE 10 OF THE EU AUDIT REGULATION

We were elected as group auditor by the annual general meeting on July 23, 2020. We were engaged by the Supervisory Board on December 3, 2020. We have been the group auditor of Aves One AG, Hamburg, without interruption since the financial year 2019.

We declare that the audit opinions expressed in this auditor’s report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Christoph Fehling.

Hamburg, April 30, 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

sgd. Christoph Fehling Wirtschaftsprüfer	sgd. Martin Kleinfeldt Wirtschaftsprüfer
(German public auditor)	(German public auditor)

FINANCIAL CALENDAR

05.2021	Quarterly Report Q1 2020
17. - 19.05.2021	Spring Conference/Frankfurt
10.06.2021	Quirin Champions/Frankfurt
07.2021	General Meeting
09.2021	Half-Yearly Report 2021
01. - 03.09.2021	Autumn Conference/Frankfurt
07.09.2021	ZKK Capital Market Conference /Zurich
11.2021	Quarterly Report Q3 2021
22. - 24.11.2020	German Equity Forum/Frankfurt
07. - 08.12.2021	MKK Munich Capital Market Conference/Munich