EUROKAI

EUROKAI GmbH & Co. KGaA

Interim Group Management Report

for the first half-year 2021

Hamburg, September 2021

EUROKAI GmbH & Co. KGaA, Hamburg

Consolidated income statement for the period January 01 to June 30, 2021

	Jan 01 to June 30, 2021 TEUR	Jan 01 to June 30, 2020 TEUR
Revenues	117.210	95.352
Other operating income	5.110	4.337
Cost of materials	-38.845	-33.773
Personnel expenses	-33.450	-30.456
Amortisation/ depreciation	-9.133	-9.305
Other operating expenses	-10.784	-8.782
Earnings before investment result, interest and income tax (EBIT)	**30.108**	**17.373**
Interest and similar income	2.798	3.073
Finance costs	-4.584	-4.687
Income from associates	16.577	-7.101
Income from other investees	210	0
Write-downs on financial assets	0	0
Other financial result	3	-27
Earnings before income tax (EBT)	**45.112**	**8.631**
Income tax	-12.872	-5.107
Consolidated net profit for the period	**32.240**	**3.524**
Thereof attributable to:		
Equity holders of the parent	21.840	-2.948
Non-controlling interest	10.400	6.472
	32.240	**3.524**
Earnings per share in EUR (according to IAS 33)	**1,38**	**-0,19**

EUROKAI GmbH & Co. KGaA, Hamburg

Consolidated statement of comprehensive income for the period January 01 to June 30, 2021

	Jan 01 to June 30, 2021 TEUR	Jan 01 to June 30, 2020 TEUR
	32.240	**3.524**
Other comprehensive income:		
Items not to be reclassified to profit or loss in subsequent periods:		
Revaluation of financial derivates	35	7
Deferred tax recognized directly in equity of financial derivates	-10	-2
Actuarial gains/losses from defined benefit pension plans from joint ventures and associates	3.337	5.111
Actuarial gains/losses from defined benefit pension plans	229	26
Deferred tax recognized directly in equity	-1.140	-1.627
	2.451	**3.515**
Net other comprehensive income not being reclassified to profit or loss subsequent		
Revaluation of financial derivates from joint ventures and associates	86	62
Deferred tax recognized directly in equity of financial derivates	-28	-20
Currency translation adjustments from joint ventures and associates	849	-1.389
Currency translation adjustments	53	-319
	960	-1.666
Other comprehensive income, net of tax	**3.411**	**1.849**
Total comprehensive income, net of tax	**35.651**	**5.373**
Thereof attributable to:		
Equity holders of the parent	25.202	-1.096
Non-controlling interest	10.449	6.469
	35.651	**5.373**

EUROKAI GmbH & Co. KGaA, Hamburg

Consolidated Balance Sheet as at June 30, 2021

ASSETS	June 30, 2021 TEUR	Dec 31, 2020 TEUR
Non-current assets		
Intangible assets		
Other intangible assets	75.550	75.314
Property, plant and equipment		
Land, land rights and buildings		
including buildings on third-party land	60.454	62.184
Plant and machinery	51.145	53.848
Other equipment, furniture and fixtures	4.610	5.270
Prepayments and assets under construction	2.645	1.645
	118.854	122.947
Financial assets		
Investments in associates	126.216	106.911
Investments	1.092	1.067
	127.308	107.978
Deferred income tax assets	18.914	21.224
Other financial receivables and assets	154.844	155.505
Other non- financial receivables and assets	804	893
	496.274	483.861
Current assets		
Inventories	5.850	5.905
Trade receivables	54.411	44.752
Other financial assets	7.003	27.034
Other non-financial assets	11.673	12.305
Current recoverable income taxes	3.895	3.856
Cash and cash equivalents	166.288	150.052
	249.120	243.904
	745.394	**727.765**

EQUITY AND LIABILITIES	June 30, 2021 TEUR	Dec 31, 2020 TEUR
Capital and reserves		
Issued capital	13.468	13.468
Personally Liable General Partner´s capital	294	294
Capital reserves	1.801	1.801
Reserve from the fair value measurement of financial derivates	0	0
Reserve from other changes in equity of asociates	-25.901	-29.033
Reserve of exchange differences on translation	163	119
Revenue reserves	142.057	134.436
Accumulated profit	200.565	202.072
Equity attributable to equity holders of the parent	**332.447**	**323.157**
Non-controlling interest	80.735	79.857
	413.182	**403.014**
Liabilities and provisions		
Non-current financial and provisions		
Non-current financial liabilities, net of current portion	13.174	14.512
Non-current portion of deferred government grants	2.499	2.547
Other financial liabilities	214.603	214.099
Other non-financial liabilities	33	49
Deferred income tax liabilities	9.413	9.511
Provisions		
Provisions for employee benefits	7.112	7.360
Other provisions	9.668	10.171
	256.502	258.249
Current liabilities and provisions		
Current portion of non-current financial liabilities	7.028	7.824
Trade payables	28.713	30.459
Current portion of deferred government grants	224	267
Other financial liabilities	18.166	18.061
Other non-financial liabilities	7.446	5.171
Income tax obligations	12.338	2.788
Provisions		
Provisions for employee benefits	638	800
Other provisions	1.157	1.132
	75.710	66.502
	332.212	**324.751**
	745.394	**727.765**

EUROKAI GmbH & Co. KGaA, Hamburg
Consolidated cash flow statement for the period January 01 to June 30, 2021

		Jan 01 to Jun 30, 2021 TEUR	Jan 01 to Jun 30, 2020 TEUR
1. Cash flows from operating activities			
	EBT	45.112	8.631
	Depreciation, amortisation and impairment losses	9.133	9.305
	Loss from the disposal of assets	-742	-257
	Currency translation adjustments	-3	27
	Profit/loss from investments accounted for using the equity method	-16.577	4.464
	Interest result	1.786	1.615
=	Operating profit before changes in assets carried as working capital	38.709	23.785
	Increase/decrease in trade receivables	-9.659	13.175
	Increase/decrease in other assets	21.412	1.790
	Increase/decrease in inventories	55	288
	Increase/decrease in government grants	-91	-84
	Increase/decrease in provisions which affects income (excluding interest costs)	-589	-934
	Increase/decrease in trade payables and other financial and non-financial liabilities	-7.149	179
=	Cash flows used in/from changes in assets carried as working capital	3.979	14.414
	Interest received	1.870	3.073
	Interest paid	-2.017	-4.345
	Cash receipts from repayments of finance lease receivables	3.466	2.793
	Income taxes paid	-11.387	-4.406
	Income taxes received from tax refunds	0	646
=	Cash paid/received for interest and income tax	-8.068	-2.239
=	**Net cash flows from operating activities**	**34.620**	**35.960**
2. Cash flows from investing activities			
	Proceeds from the disposal of intangible assets and property, plant and equipment	1.866	1.434
	Investments in intangible assets and property, plant and equipment	-6.828	-2.940
	Cash received from the reimbursement of granted loans	21.386	0
	Cash paid for loans granted to investments accounted for using the equity method	0	-12.000
	Dividends received	1.223	0
=	**Net cash flows used in investing activities**	**17.647**	**-13.506**
3. Cash flows from financing activities			
	Cash paid to equity holders	-15.839	-24.385
	Repayment of non-current financial liabilities	-2.232	-8.173
	Payment of finance lease liabilities	-8.360	-7.308
	Payment to non-controlling interest	-9.600	0
=	**Net cash flows used in financing activities**	**-36.031**	**-39.866**
Net increase/decrease in cash and cash equivalents (subtotal of 1 to 3)		16.236	-17.412
Cash and cash equivalents at January 01		150.052	180.414
Cash and cash equivalents at the end of the period		**166.288**	**163.002**
<u>Composition of cash and cash equivalents</u>			
Cash and cash equivalents		166.288	163.002
Cash and cash equivalents at the end of the period		**166.288**	**163.002**

EUROKAI GmbH & Co. KGaA, Hamburg
Interim Group Management Report as of 30 June 2021

General

The companies incorporated in the EUROKAI Group are principally engaged in container handling in continental Europe and in North Africa. The companies operate container terminals, in some cases with partners, at La Spezia, Ravenna and Salerno in Italy, further in Hamburg, Bremerhaven, Wilhelmshaven, and finally in Tangier (Morocco), in Limassol (Cyprus), in Lisbon (Portugal) and in Ust-Luga (Russia). The EUROKAI Group further has stakeholdings in a number of inland terminals and railway-operating companies.

Secondary services are provided in the form of intermodal services (carriage of sea containers to and from the terminals), repairs, depot storage and trading of containers, cargo-modal services, and technical services.

EUROKAI GmbH & Co. KGaA has a direct shareholding of 66.6% in the CONTSHIP Italia Group via Contship Italia S.p.A., and an indirect shareholding of 16.7% via EUROGATE GmbH & Co. KGaA, KG of Bremen. Thus, calculated as an overall proportion, EUROKAI GmbH & Co. KGaA holds 83.3% of the shares in the CONTSHIP Italia Group.

Via EUROGATE GmbH & Co. KGaA, KG, with its subsidiaries and stakeholdings, EUROKAI GmbH & Co. KGaA has a 50% shareholding in the EUROGATE Group. It likewise holds 50% of the shares in its Personally Liable General Partner, EUROGATE Geschäftsführungs-GmbH & Co. KGaA of Bremen, and in the latter's Personally Liable General Partner, EUROGATE Beteiligungs-GmbH of Bremen.

The EUROKAI Group is controlled via the CONTSHIP Italia, EUROGATE and EUROKAI segments, the joint-venture company EUROGATE, under the rules of IFRS 11, being included at-equity in the EUROKAI Group.

In the first half-year 2021 the market environment was impacted by high growth in handling through catch-up effects connected with the coronavirus pandemic plus the resulting overload in handling capacity due to the shipping lines' non-adherence to schedules and sustained delays to vessels. In addition, the world-wide logistic chains were significantly disrupted through temporary events, such as the blockade of the Suez Canal in the spring and the temporary part-closure of individual Asian ports at the end of the first half-year.

Over the period under review, due to the rise in handling figures at the fully consolidated La Spezia Terminal S.p.A. and the increase in transport volumes in the intermodal segment, revenues at the EUROKAI Group rose to EUR 117.2 million (previous year: EUR 95.4 million). Net Group profit for the first half-year 2021 stood at EUR 32.2 million (previous year: 3.5 million) and, with a significant increase in operating result (EBIT) to EUR 30.1 million (previous year: EUR 17.4 million) – due in particular to the investment income, which was positive once again, rising to EUR 16.6 million (previous year: EUR -7.1 million) – increased considerably. The rise in the investment income was due in particular to the positive *pro rata* result in the EUROGATE segment.

Volume trends

Handling volumes at the container terminals in the EUROKAI Group, including the terminals in Italy, Germany, Morocco, Cyprus, Portugal and Russia, stood at 6,249 million TEUs in the first half-year 2021[1], which was a total of 19% above the figure for the previous year (5,253 million TEUs).

The following table shows the current handling statistics:

Terminal	First half-year 2021 (in TEUs)	First half-year 2020 (in TEUs)	Change
Hamburg	1,157,361	958,026	+20.8%
Bremerhaven	2,608,743	2,361,990	+10.4%
Wilhelmshaven	302,734	222,395	+36.1%
Total Germany	**4,068,838**	**3,542,411**	**+14.9%**
La Spezia	647,100	503,540	+28.5%
Salerno	162,440	199,845	-18.7%
Ravenna	92,836	83,830	+10.7%
Total Italy	**902,376**	**787,215**	**+14.6%**
Tangier	1,004,354	674,038	+49.0%
Limassol	206,141	187,768	+9.8%
Lisbon	52,177	34,276	+52.2%
Ust-Luga	14,990	26,945	-44.4%
Total other	**1,277,662**	**923,027**	**+38.4%**
Total EUROKAI	**6,248,876**	**5,252,653**	**+19.0%**

The volumes shown represent total handling at each of the terminals in question.

[1] TEU = Twenty Foot Equivalent Unit, the measurement in container transport for a standard 20-foot container

The handling volumes for the Tangier terminal include for the first time the handling volumes for the Tanger Alliance Container Terminal, which entered operation on 1 January 2021.

Of these figures, only the handling volumes at the fully consolidated container terminal in La Spezia contribute to the Group revenues.

Trends at the operating segments of the EUROKAI Group were as follows:

CONTSHIP Italia-Group

Contship Italia S.p.A. of Melzo, Italy, is the holding company of the CONTSHIP Italia Group, which sets corporate strategy and coordinates operating activities. The most important stakeholdings continue to be La Spezia Container Terminal S.p.A. of La Spezia, Sogemar S.p.A. of Luzernate di Rho, Milan, Hannibal S.p.A. of Melzo, Milan – the latter two both engaged in intermodal business – OCEANOGATE Italia S.p.A. of La Spezia, and Rail Hub Milano S.p.A. of Milan (all in Italy).

The container terminals in the CONTSHIP Italia Group saw an overall increase of 14.6% in handling volumes in the period under review, to stand at 902,372 TEUs (previous year: 787,215 TEUs). Handling volumes in La Spezia and Ravenna were both up (La Spezia: +28.5%, Ravenna: +10.7%), while volumes at Salerno fell by 18.7%.

In the CONTSHIP ITALIA segment, due to the rise in handling and transport volumes, revenues rose to EUR 117.2 million (previous year: EUR 95.4 million). Due to this rise, net profit for the half-year improved significantly compared with the previous year to EUR 21.5 million (previous year: EUR 13.7 million).

The handling volumes and IFRS results for the Italian companies showed the following trends in the period under review:

La Spezia Container Terminal S.p.A. is a 60% stakeholding of Contship Italia S.p.A. With a rise in handling volumes of 28.5% to 647,100 TEUs (previous year: 503,540 TEUs), plus an increase in earnings from storage charges, the company showed a significantly improved half-yearly net profit compared with the same period of the previous year.

The 100% Contship Italia subsidiary Sogemar S.p.A. continues to hold 100% of the shares in Hannibal S.p.A., OCEANOGATE Italia S.p.A. and Rail Hub Milano S.p.A. of Milan, Italy, for which it provides letting, management and IT services. For the period under review the company showed an improved half-yearly result compared with the same period of the previous year.

Hannibal S.p.A., along with international container carriage, also runs the national truck and rail operations of the CONTSHIP Italia Group. Due to the rise in transport volumes, the company's net profit for the half-year rose by 19.2% and is once again in slightly positive territory.

OCEANOGATE Italia S.p.A., in its capacity as railway operator, was able slightly to increase its number of train journeys compared with the previous year. This being so, net profit for the half-year improved and is once again in slightly positive territory.

Rail Hub Milano S.p.A. operates the inland terminals of the CONTSHIP Italia Group in Melzo and Rho. Handling volumes in the period under review were 9.9% above the level of the previous year. Given this backdrop, the company showed a slightly improved net profit for the half-year compared with the previous year.

EUROGATE Group

EUROGATE GmbH & Co. KGaA, KG of Bremen, in which EUROKAI GmbH & Co. KGaA and BLG Logistics Group AG & Co. KG of Bremen each have a 50% shareholding, is the EUROGATE Group's holding company. EUROGATE GmbH & Co. KGaA, KG supplies central services for its subsidiaries and stakeholdings. Its main stakeholdings comprise EUROGATE Container Terminal Hamburg GmbH of Hamburg, EUROGATE Container Terminal Bremerhaven GmbH, North Sea Terminal Bremerhaven GmbH & Co., MSC Gate Bremerhaven GmbH & Co. KG – all of Bremerhaven – and EUROGATE Container Terminal Wilhelmshaven GmbH & Co. KG of Wilhelmshaven. The EUROGATE Group also has a 33.4% stake in Contship Italia S.p.A. of Melzo (Milan), Italy.

EUROGATE GmbH & Co. KGaA, KG has a 100% shareholding in both EUROGATE Container Terminal Hamburg GmbH and EUROGATE Container Terminal Bremerhaven GmbH. These companies are fully consolidated in the EUROGATE segment. The three joint ventures, North Sea Terminal Bremerhaven GmbH & Co. (EUROGATE stake: 50%), MSC Gate Bremerhaven GmbH & Co. KG (EUROGATE stake: 50%), EUROGATE Container Terminal Wilhelmshaven GmbH & Co. KG (EUROGATE stake: 70%), and EUROGATE Container Terminal Limassol Limited (EUROGATE stake: 60%) have been included in the EUROGATE segment at-equity.

Handling volumes in the EUROGATE segment rose by a total of 14.9%, to stand at 4,069 million TEUs (previous year: 3,542 million TEUs). While EUROGATE Terminal Hamburg saw a rise in volumes of 20.8%, handling volumes in Bremerhaven in the period under review were 10.4% above those of the same period of the previous year. The volume rise in Hamburg was due to the acquisition in the course of the year of the Far Eastern FAL 1 service of OCEAN Alliance, which has been calling at the terminal since May 2020. At the Wilhelmshaven terminal handling volumes have risen sharply by 36.1% in the first half-year 2021 compared with the same period of the previous year, which had been impacted negatively by the coronavirus pandemic, plus a rise in handling volumes from unscheduled ships‘ calls (inducement calls).

The EUROGATE segment, given a rise in handling volumes in Germany of 14.9%, saw Group revenues increase by 24.3% to EUR 309.9 million (previous year: EUR 249.2 million) in the first half-year 2021. This significantly improved operating result, once again in positive territory, amounting to EUR 42.6 million (previous year: EUR -5.9 million) was due almost solely to storage charges stemming from increased length of stay by containers in the container terminals. Given a likewise significantly improved result from associated companies, plus a counter-element of write-downs on financial assets amounting to EUR 8.8 million, net Group profit for the period under review rose significantly and is once again in positive territory standing at EUR 28.3 million (previous year: EUR -12.6 million).

Handling volumes and IFRS results at the domestic companies operating container terminals showed the following trends in the period under review:

EUROGATE Container Terminal Hamburg GmbH saw a significant increase of 20.8% in its handling volumes in the first half-year 2021, to stand at 1,157,361 TEUs (previous year: 958,026 TEUs). In Hamburg, too, high storage charges led to a significantly improved half-yearly result in positive territory compared with the same period of the previous year.

EUROGATE Container Terminal Bremerhaven GmbH recorded a handling volume of 340,279 TEUs in the period under review (previous year: 231,238 TEUs), which was a volume increase of 47.2%. Hand in hand with this, the company showed a significantly improved half-yearly result in positive territory compared with the same period of the previous year, though this result stemmed in the first half-year 2021 solely from high earnings in storage charges as a consequence of continued ship delays and the longer waiting times for containers associated therewith.

North Sea Terminal Bremerhaven GmbH & Co., in which APM Terminals Deutschland Holding GmbH – an indirect 100% subsidiary of A.P. Moeller Maersk A/S of Copenhagen, Denmark – has a stakeholding of 50%, saw a volume rise of 5.0% in the first half-year 2021, with a handling volume of 1,517,161 TEUs (previous year: 1,445,597 TEUs). The company's net half-yearly profit was significantly down on the same period of the previous year, due to a change in the load structure with a significantly increased trans-shipment share, plus the one-off income contained in the previous year's result from the settlement of an insurance claim.

MSC Gate Bremerhaven GmbH & Co. KG, the joint venture between EUROGATE GmbH & Co. KGaA, KG and Terminal Investment Limited Sàrl of Geneva, Switzerland, an affiliate of Mediterranean Shipping Company S.A. (MSC) of Geneva, also recorded a improved net half-yearly profit compared with the previous year, with its handling volume up by 9.7% on the first half-year 2020, standing at 751,303 TEUs (previous year: 685,155 TEUs).

Handling volume at EUROGATE Container Terminal Wilhelmshaven GmbH & Co. KG, in which APM Terminals Wilhelmshaven GmbH – likewise part of the Moeller Maersk Group of Copenhagen – has a 30% stakeholding, showed a significant volume increase of 36.1%, its handling volume standing at 302,734 (previous year: 222,395 TEUs). Thus the company's half-yearly result improved significantly compared with the period under review of the previous year, but is still in significantly negative territory overall.

Trends at the EUROGATE Group's stakeholdings abroad were as follows:

Handling volume at the two terminals in Tangier (North Africa) considered below was 49.0% above the equivalent figure for the previous year, standing at 1,004,354 TEUs (previous year: 674,038 TEUs).

On the one hand, handling volume at EUROGATE Tanger S.A. of Tangier, Morocco, in which the EUROGATE Group and the CONTSHIP Italia Group each have an indirect 20% stakeholding, fell by 10.6% in the period under review to 602,853 TEUs (previous year: 674,038 TEUs). This decline in handling figures was connected with the shift of services operated by the THE Alliance to the neighbouring Tanger Alliance Terminal, in which Hapag-Lloyd AG has a stakeholding. Thus the company's net half-yearly profit considerably worsened compared with the previous year.

On the other hand, Tanger Alliance S.A., of Tangier, Morocco, in which Contship Italia S.p.A. and EUROGATE International GmbH each have a 20% stakeholding, Société d`Exploitation des Ports S.A. (Marsa Maroc) a 50% stakeholding, and Hapag-Lloyd a 10% stakeholding, commenced operations on 1 January 2021. In the first half of the 2021 business year 401,501 TEUs were already handled. The company's net half-yearly profit is already in solidly profitable territory.

The EUROGATE Group has a 60% stakeholding in EUROGATE Container Terminal Limassol Limited of Limassol, Cyprus. The further partners in the consortium are Interorient Navigation Company Ltd. of Limassol (20%), and Cyprus and East Med Holdings S.A. of Luxembourg (20%). In the first half-year 2021 the company handled 206,141 TEUs (previous year: 187,768 TEUs, up 9.8%). As a consequence of this rise in handling, in the period under review the company also showed an improved result compared with the net half-yearly profit of the previous year.

Handling volumes at the 16.34% stakeholding LISCONT Operadores de Contentores S.A. of Lisbon, Portugal, despite continuing strikes and the impact of the pandemic, were up once more, with a handling volume of 52,177 TEUs (previous year: 34,276 TEUs, up 52.2%). Thus for the first half-year 2021 the company showed a result which was an improvement on the previous year and in positive territory.

Due to the persistent crisis in Russia, the JSC Ust-Luga Container Terminal, of Ust-Luga, Russia, in which, along with Global Ports of Russia (80%), the EUROGATE Group has a 20% stakeholding via EUROGATE International GmbH, once again saw container handling fall by 44.4% in the period under review, to stand at 14,990 TEUs (previous year: 26,945 TEUs). Thus the half-yearly result was down on the same period of the previous year and in slightly negative territory.

Major transactions in the business year

CONTSHIP Italia segment

The liquidation of CICT Porto Industriale Cagliari S.p.A, at which operations had already been closed down in May 2019, is now as good as concluded. No further charges against earnings are expected from this in the current business year.

At the end of March 2021 La Spezia Container Terminal S.p.A broke a new handling record in processing the *MSC Altamira*. Overall, in processing this vessel, 4,548 handling moves were carried out, with 7,345 TEUs. This operating performance set a new benchmark for La Spezia, breaking the previous record of 2018, of 4,335 container moves on the *NYK Swan*.

At the end of May, a few days after EcoVadis, a leading Italian company engaged in corporate social-responsibility assessments, had awarded Hannibal S.p.A. its silver medal, the company took a major step forward in its efforts to reduce environmental impacts through replacement of the fleet used for its container transport. Thus Hannibal S.p.A. will employ five new IVECO S-Way Natural Power HGVs for its road transport, which are driven by LNG (liquid gas). Data supplied by manufacturer IVECO for these vehicles shows the following characteristics: reduction of NO_2 (nitrogen dioxide) emissions by 90%, reduction in particle emissions in 95%, and reduction in CO_2 emissions through the use of biomethane by 95%.

These new vehicles come in the EURO 6d category and will likewise replace many EURO 3 HGVs. By the end of 2021 it will be possible to check their performance as regards consumption and usage differences (e.g. when refuelling) in comparison with diesel-driven HGVs. Should this pilot project show positive results, additional LNG units will be adopted by stages into Hannibal‘s vehicle fleet for intermodal transport.

Jointly with the EUROGATE Group and an international shipping line as a partner, CONTSHIP Italia is in negotiations to acquire a concession for building and operating a container terminal on the Mediterranean coast in Damietta, Egypt. The terminal, which would have a draft of 18 m and thus be suitable for the largest container vessels, is due to have a 30-year operation period under this concession and in its finished state to have a capacity of 3.3 million TEUs a year.

EUROGATE segment

The negative impacts already sketched for some years in the Risk Reports, caused by increasing concentration on the customer side, with a corresponding rise in market power, further through over-capacity among handling operatives in the North Range, in combination with a persistent and considerable downward pressure on rates, had already significantly impacted on the operating results of the core companies in the EUROGATE Group during previous business years.

On the expenditure side, constant rises in costs, process and organisational structure which have meanwhile become uneconomic, plus insufficient, non-competitive productivity figures in operational performance at the main subsidiaries, have led to inadequate operating results.

Given this background, at the end of 2019 corporate consultants McKinsey had already been commissioned to undertake an investigation of the structures and procedures in the organisation of the core companies in the EUROGATE Group and its further individual companies, to identify and quantify the potential for increased efficiency and savings, and to prioritise realisation of this potential. Based on the results of this analysis, in the second quarter of the previous year a transformation-project team was established to prepare for realisation of numerous necessary individual restructuring measures, which under the aegis of the Group management board, together with executives from the individual businesses, is designed to ensure realisation of these measures.

In the course of the year 2020 the individual measures identified in the transformation project were translated into detailed concepts and presented to each of the workers' representative bodies. Following negotiations on the matter with the workers' representatives in the first half-year 2021, both at Group level and – with the exception of EUROGATE Container Terminal Hamburg GmbH – at the level of all further individual companies affected, concrete agreements were concluded for realisation of the individual measures and for reconciliation of interests, a severance scheme and a volunteers' programme.

The aim of all this is to reduce the overall costs of the Group in Germany as rapidly as possible and by 2024 at the latest by a total of EUR 84 million a year. The restructuring costs needed in this connection had already been placed in reserve at individual company level in the business year 2020.

On 1 April 2021 the Transformation and Future of EUROGATE Group Works Agreement was concluded, with uniform Group conditions for volunteers' programmes in the EUROGATE Group companies, which are coupled with the pending operating changes at individual company or business level. Moreover for EUROGATE Holding, EUROGATE Container Terminal Bremerhaven GmbH and EUROGATE Technical Services GmbH agreements have been concluded on reconciliation of interests and a severance scheme. Negotiations involving EUROGATE Container Terminal Hamburg GmbH can only be continued and concluded from the end of August.

On 1 January 2021 the new container terminal of Tanger Alliance S.A of Tangier, Morocco, started operation and since then has recorded very adequate handling figures and an upward trend in results.

On 25 March 2021 MSC Gate Bremerhaven GmbH & Co. KG took two new super-post-panamax gantry cranes into operation. These two gantries, which had been under assembly since autumn 2020 on the Bremerhaven terminal premises and were placed on the crane lines at the quay in mid-February 2021 thus came officially into service.

On 19 April 2021 EUROGATE Container Terminal Hamburg GmbH commenced official operation of the six new super-post-panamax gantry cranes on Berth 6, with the processing of the *CMA CGM Palais Royal*.

All new gantry cranes are capable of handling container vessels with up to 25 container rows on deck without restrictions. These data mean that the new gantry cranes can cope with all classes of container vessels currently in use, including the new MSC Megamax 24 Class.

In its decision of 12 May 2021 the Hamburg Superior Administrative Court (OVG) confirmed the planning approval for the western expansion. Thus the court confirmed the decision of the court of first instance of 2019, which had already dismissed the action brought by residents against the plan. Individual plaintiffs have applied to the German Federal Administrative Court for leave to appeal against the decision.

The German Federal Waterways and Shipping Authority (WSV) has undertaken the measures associated with the fairway adjustment on the Lower and Outer Elbe within the original timescale, likewise the Hamburg Port Authority for the Elbe fairway on Hamburg territory.

The unexpectedly high capacity utilisation of the container vessels, particular on the Far East-Europe services, in conjunction with the continuing inability of the shipping lines to adhere to their timetables, led to temporary peak loads in the Northern Range ports and in some cases to overloads of the available handling capacity. The Hamburg terminal has been particularly affected by this. To relieve the Hamburg terminal and to remove the operating limitations in the shipping-line network, some customers therefore decided temporarily to shift the processing of individual services to other terminals in the EUROGATE Group.

The STRADegy Automation project for automating straddle carriers[2] has meanwhile been successfully completed. The preparations for series production and roll-out on the EUROGATE Group's container terminals are now being carried out by the EUROGATE Automation Project Team.

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[2] A straddle carrier is a vehicle which carries its load underneath by "straddling" it, instead of carrying it on top in the manner of conventional HGVs. These vehicles are used for the horizontal transport of containers.

Earnings

To show Group earnings, in the following overview we have used an income statement derived under business-management terms:

	1 January to 30 June 2021		1 January to 30 June 2020		Change
	EURk	%	EURk	%	EURk
Revenue	117.210		95.352		21.858
Other operating income	5.110		4.337		773
Total operating income	122.320	100	99.689	100	22.631
Cost of materials	-38.845	-32	-33.773	-34	-5.072
Personnel expenses	-33.450	-27	-30.456	-31	-2.994
Depreciation and amortisation expense	-9.133	-7	-9.305	-9	172
Other operating expenses	-10.784	-9	-8.782	-9	-2.002
Operating Expenses	-92.212	-75	-82.316	-83	-9.896
Net operating profit	30.108	25	17.373	17	12.735
Interest and similar income	2.798		3.073		-275
Finance costs	-4.584		-4.687		103
Investment income (costs)	16.577		-7.101		23.678
Other finance income (costs)	213		-27		240
Earnings before taxes (EBT)	45.112		8.631		36.481
Current tax payables and deferred taxes	-12.872		-5.107		-7.765
Consolidated profit for the half-year	32.240		3.524		28.716
Attributable to:					
Equity holders of the parent	21.840		-2.948		
Non-controlling interests	10.400		6.472		
	32.240		3.524		

Further significant influences on the change in individual items of the Profit & Loss Account are explained below:

The EUROGATE Group’s external revenues stood at EUR 117.2 million in the period under review (previous year: EUR 95.4 million). The significant rise in Group revenues resulted from the rise in handling and earnings, including a significant rise in income from storage charges, of the fully consolidated La Spezia Container Terminal S.p.A, plus the rise in transport volumes in the intermodal sector.

The rise in other operating income by EUR 0.8 million to EUR 5.1 million stemmed principally from higher income from cost reimbursements.

The rise in cost of materials by EUR 5.1 million to EUR 38.8 million (previous year: EUR 33.8 million) was due to a rise in HGV and rail-transport costs and corresponds to the volume-related rises in earnings, both at La Spezia Container Terminal S.p.A. and in the intermodal sector.

The under-proportionate rise in personnel expenses to EUR 33.5 million (previous year: EUR 30.5 million) was due mainly to the rise in storage-charge earnings not dependent on staff costs.

Other operating expenses rose by EUR 2.0 million to EUR 10.8 million (previous year: EUR 8.8 million) due in particular to higher repair and maintenance costs.

The net operating profit in the first half-year stood at EUR 30.1 million (previous year: EUR 17.4 million).

The rise in investment income to EUR 16.6 million (previous year: EUR -7.1 million) was due mainly to the considerable rise in the *pro rata* result of the EUROGATE Group, which is once again in significantly positive territory, to EUR 11.5 million (previous year: EUR -7.9 million).

Thus the EUROKAI Group showed a corresponding rise in earnings before taxes (EBT) of EUR 45.1 million (previous year: EUR 8.6 million).

Overall, consolidated profit for the half-year likewise saw a considerable increase compared with the same period of the previous year, to EUR 32.2 million (previous year: EUR 3.5 million).

Assets

The asset and capital structure showed the following course in the first half-year 2021:

Assets	30 June 2021		31 December 2020		Change
	EURk	%	EURk	%	EURk
Intangible assets	75.550	10	75.314	10	236
Property, plant and equipment	118.854	16	122.947	17	-4.093
Financial assets	127.308	17	107.978	15	19.330
Deferred tax assets	18.914	3	21.224	3	-2.310
Other non-current assets	155.648	21	156.398	21	-750
Non-current assets	496.274	67	483.861	66	12.413
Inventories	5.850	1	5.905	1	-55
Trade receivables	54.411	7	44.752	6	9.659
Other current non-financial assets and current tax assets	22.571	3	43.195	6	-20.624
Cash and cash equivalents	166.288	22	150.052	21	16.236
Current assets	249.120	33	243.904	34	5.216
Total assets	745.394	100	727.765	100	17.629

Equity and liabilities	30 June 2021		31 December 2020		Change
	EURk	%	EURk	%	EURk
Issued capital	13.468	2	13.468	2	0
Equity capital attributable to the Personally Liable General Partner and	118.414	16	107.617	15	10.797
Net retained profit	200.565	27	202.072	27	-1.507
Equity attributable to non-controlling	80.735	11	79.857	11	878
Equity and reserves	413.182	56	403.014	55	10.168
Non-current financial liabilities, net of current portion	13.174	2	14.512	2	-1.338
Non-current portion of deferred government grants	2.499	0	2.547	0	-48
Other non-current liabilities	214.636	29	214.148	31	488
Deferred tax liabilities	9.413	1	9.511	1	-98
Provisions	16.780	2	17.531	2	-751
Non-current liabilities	256.502	34	258.249	36	-1.747
Current portion of non-current financial liabilities	7.028	1	7.824	1	-796
Trade payables	28.713	4	30.459	4	-1.746
Current portion of deferred government	224	0	267	0	-43
Other current liabilities and current tax payables	37.950	5	26.020	4	11.930
Provisions	1.795	0	1.932	0	-137
Current liabilities	75.710	10	66.502	9	9.208
Total equity and liabilities	745.394	100	727.765	100	17.629

The main changes to the asset and capital structure are as follows:

Property, plant and equipment have decreased, through scheduled depreciation, by EUR 4.1 million to EUR 118.9 million.

Financial assets have increased almost exclusively due to the change in the at-equity figures for associated companies by EUR 19.3 million to EUR 127.3 million.

The rise in trade receivables by EUR 9.7 million to EUR 54.4 million is associated with the rise in handling and revenues.

The decline in other current non-financial assets and current tax assets has resulted from the repayment in full of the corporate loan granted by Contship Italia S.p.A, to Tanger Alliance S.A. in the sum of EUR 21.3 million.

Cash and cash equivalents increased by EUR 16.2 to EUR 166.3 million.

The rise in the entry for the capital of the Personally Liable General Partner and reserves by EUR 10.8 to EUR 118.4 million is almost completely due to the allocation of EUR 7.5 million to the profit reserves and the change in the reserve for other equity transactions of associated companies in the sum of EUR 3.1 million.

Despite the dividend distribution for the business year 2020 pursuant to the resolution of the Shareholders‘ Meeting in June 2021 and the allocation of EUR 7.5 million to the profit reserves, due to the result earned in the Group in the first half-year 2021 a balance-sheet result is shown at the previous year’s level.

Other current liabilities and current tax payables rose by EUR 11.9 million to EUR 37.9 million due to the deferment of income-tax liabilities in the CONTSHIP Italia segment.

The balance-sheet total for the EUROKAI Group rose in all by EUR 17.6 million in the first half-year 2021, to stand at EUR 745.4 million. The Group equity ratio remains stable at 56% (previous year: 55%) and at a high level.

Financial position

The following cashflows were earned in the first half-years 2021 and 2020:

	1 January to 30 June 2021 EURk	1 January to 30 June 2020 EURk
Net cash inflows from operating activities	34.620	35.960
Cash inflows/outflows from investing activities	17.647	-13.506
Cash outflows from financing activities	-36.031	-39.866
Net increase/decrease in cash and cash equivalents	16.236	-17.412
Cash and cash equivalents at 1 January	150.052	180.414
Cash and cash equivalents at end of period	166.288	163.002
Composition of cash and cash equivalents		
Cash	166.288	163.002
Cash and cash equivalents at end of period	166.288	163.002

Based on earnings before taxes in the first half-year 2021 of EUR 45.1 million (previous year: EUR 8.6 million), a cashflow of EUR 34.6 million (previous year: EUR 36.0 million) was earned from operating activities.

Personnel and welfare

The average number of employees in the Group (not including management board, temporary staff and trainees) as of 30 June 2021 was as follows:

	30 June 2021	**30 June 2020**
Industrial workers	442	516
Office staff	463	574
	905	1,090

The fall in staff numbers was associated mainly with the closure of business operations and liquidation of CICT Porto Industriale Cagliari S.p.A. i.L.

Addendum

On 28 September 2021, Hapag-Lloyd AG announced to acquire a 30% stake in EUROGATE Container Terminal Wilhelmshaven GmbH & Co. KG and 50% of the shares of Rail Terminal Wilhelmshaven GmbH at JadeWeserPort Wilhelmshaven from APM Terminals. The terminal operator EUROGATE continues to hold the remaining shares. Subject to approval by the antitrust authorities, contract closing is expected within a few month.

With the new partner and customer Hapag-Lloyd AG, the deep-water port of Wilhelmshaven will have very good growth prospects in the coming years due to the development of ever larger container ships.

In the EUROGATE segment, this may result in positive one-off effects on the 2021 annual result, which would also have a proportionate impact on the EUROKAI consolidated result for 2021.

Opportunities and risks of future development

With regard to the risks and opportunities of the EUROKAI Group, unless set out otherwise in this Report, the statements made in the Management Report for 2020 remain valid.

Report on Forecasts and other Information regarding anticipated Development

The main forecasts and other statements made in the Group Management Report as of 31 December 2020 regarding the anticipated development of the Group for the business year 2021 have – apart from the improved trend in results – been mainly confirmed. The risk position of the Group improved in the first half-year 2021 compared with 31 December 2020, due to the significantly improved business position of its shipping-line customers and the upswing in business in the EUROGATE segment in the first half-year 2021 to date.

No potential threats to the continued existence of the Group, such as over-indebtedness, insolvency or other risks with a particular impact on assets, financial position and earnings, exist at the present time.

The further course of the coronavirus pandemic and the impact resulting therefrom continue to be shrouded in uncertainties. Those risks which have been identified continue to be of a kind not to endanger further survival. Nor, from the present point of view can any risks be recognised which would endanger the continued existence of the company.

Since the container terminals still dispose of capacity reserves, at least in the medium term, given the market power in the wake of their consolidation by the remaining consortia and shipping lines, and the pressure on earnings associated therewith, the need continues unchanged to identify and realise sustainable cost reductions and productivity increases at the container terminals. Account is being taken of this need in the EUROGATE segment through the realisation of the Transformation Programme.

Forecast for the CONTSHIP Italia segment

Due to the rise in handling and transport volumes compared with the previous year, a significant improvement to results is expected for the CONTSHIP Italia Group. The original forecast for this segment for the business year 2021 has likewise significantly improved.

Forecast for the EUROGATE segment

On a current view, a rise in handling volume is expected at the Hamburg and Bremerhaven terminals for 2021.

Given the continued delay to vessels at the present time and the capacity and processing problems which this has triggered at the terminals, temporary shifts in container-line services between the ports in the Northern Range are envisaged on the part of the container lines, the concrete impact of which cannot yet currently be assessed.

The attainment of suitable capacity utilisation at the EUROGATE terminal in Wilhelmshaven continues to be a matter of high importance for the EUROGATE Group. Given the increasing trend in vessel sizes and the associated limitations in the fairway of the Outer Weser and Elbe – even after completion of the measures for deepening and widening there – Wilhelmshaven, however, will become more and more ideal for the handling of large container vessels. In view of the fact that the leading container-shipping lines will be putting further vessels into operation over the next years with a capacity meanwhile of > 23,000 TEUs, Wilhelmshaven will have a good opportunity in the medium term to acquire further scheduled services.

In view of the currently overall upswing in handling, plus unscheduled ship calls and temporary capacity-related shifts of services from other Northern Range ports, in 2021 Wilhelmshaven will benefit from a growth in handling not foreseeable to this extent. Whether this handling volume can be realised in subsequent years is not currently foreseeable. On a present view, a sustained improvement to capacity utilisation will take place, in the medium term. In this context, we also refer to our remarks in the addendum.

The business year 2021 was marked for the individual companies in the EUROGATE group by transformation, which bears the internal working title of “The future of EUROGATE”, and by the associated implementation of measures for cost savings and negotiations with each of the workers’ representatives on organisational measures for improvement to efficiency and productivity.

On a current view, under the framework conditions to be noted by the subsidiaries and stakeholdings as set out previously, plus the special effects contained in the previous year's result (depreciation of financial assets and reserves for restructuring costs), a significantly improved and significantly profitable Group result is anticipated at the EUROGATE Group for 2021. The Group result for 2021 has so far been impacted exceptionally positively by special income from storage charges, due to longer holding times for containers.

Thus the previous forecast for the EUROGATE segment for the business year 2021 has significantly improved.

Forecast for the EUROKAI Group 2021

Based on the foregoing forecasts for the CONTSHIP Italia and EUROGATE segments, a significantly improved result, once again in significantly positive territory, is anticipated for the EUROKAI Group for 2021 as a whole compared with the previous year. This being so, the forecast for the EUROKAI Group for the business year 2021 has also significantly improved compared with the forecast set out in the Management Report for 2020.

Along with the rise in handling and transport volumes and an associated significant improvement in result in Italy, the improvement in result compared with the previous year is due in particular to the considerably improved result in the EUROGATE segment.

The Group result continues to be governed essentially by the container terminals, the decisive influencing factors being the handling volumes and handling rates.

The further trend in handling volumes may be negatively impacted by the further development of the coronavirus pandemic, which in turn depends on the outcome of the mass vaccinations and the possibility of stricter measures being applied to the current pandemic restrictions, particularly in connection with the now widely disseminated Delta variant of the virus.

Overall, the EUROKAI Group, through its diversified European placement, is relatively independent and continues to be very well positioned in its competitive environment.

Given this unforeseeable development, the actual course of business may deviate from the expectations based on assumptions and estimates made by the corporate management. We undertake no obligation, beyond the statutory requirements, to update our forecast statements in the light of new information.

On a present view, the liquidity of the EUROKAI Group is sufficient to meet its payment obligations at all times.

Report on significant transactions with closely related companies

In spring 2021 Tanger Alliance S.A. repaid in full the corporate loan granted by Contship Italia S.p.A. and EUROGATE International GmbH in the sum of EUR 21.3 million. Apart from this, no significant changes are to be recorded in relations with closely related companies or in the type of transactions with the same in the first half-year 2021 in comparison with the business year 2020.

Hamburg, September 2021

The Personally Liable General Partner

Kurt F. W. A. Eckelmann GmbH, Hamburg

Cecilia E. M. Eckelmann-Battistello Thomas H. Eckelmann

Responsibility Statement

Declaration by legal representatives:

“We hereby declare, to the best of our knowledge, that, in conformity with the accounting principles applicable to the production of interim financial reports, the Interim Group Financial Statement gives an accurate picture of the assets, financial position and earnings of the Group, and that the Interim Group Management Report presents the course of business in the Group, including its business results and position, in such a way as to convey an accurate picture, and that it sets out the main risks and opportunities involved in the Group’s anticipated development in the remaining business year.”

Hamburg, September 2021

The Personally Liable General Partner

Kurt F. W. A. Eckelmann GmbH, Hamburg

Cecilia E. M. Eckelmann-Battistello | Thomas H. Eckelmann