



Quarterly Report Q3 / 2021

Aves One AG

ISIN: DE000A168114

- **GROUP SALES RISES TO EUR 76.6 MILLION (PY ADJUSTED: EUR 72.1 MILLION)**
- **EBITDA INCREASES TO EUR 52.7 MILLION (PY: EUR 51.9 MILLION)**
- **EBT (ADJUSTED) OF EUR 4.8 Mio. (PY: EUR 7.6 MILLION)**
- **PROFIT FROM CONTINUING OPERATIONS INCREASES TO EUR 9.8 MILLION (PY: EUR -12.8 MILLION)**

FINANCIAL PERFORMANCE IN THE FIRST NINE MONTHS OF THE 2021 FINANCIAL YEAR

The Aves One Group (subsequently referred to as "Aves Group", "Aves" or the "Company"), a rapid growth owner of durable rail assets, continued the positive operating trend established in previous years.

By way of a contract dated 18 March 2021, virtually the entire sea container portfolio was sold to the investment Company OHA KY Investment 1, L.P. (Oak Hill) for a purchase price of approximately USD 182.5 million. Once the transaction has been closed, the sea container operations will thus be completely discontinued. This transaction falls within the scope of IFRS 5. As a result, the assets related to these discontinued operations are shown separately in the balance sheet as of 30 September 2021. In contrast, the financial debt incurred in connection with the sea containers, which were repaid from the proceeds of the sale in the 2021 financial year, is, in accordance with IFRS 5, not part of discontinued operations and is therefore not reported separately. The interest result, exchange rate effects and other financing costs of these discontinued operations are thus recorded in the result from continuing operations. Moreover, the results of continuing operations and discontinued operations (sea containers) are shown separately from each other in the income statement and the prior year's reporting has been adjusted accordingly.

On 6 August 2021, the Company entered into an investment agreement with Rhine Rail Investment AG, Munich (subsequently referred to as "Rhine Rail AG"), a company controlled by Swiss Life Asset Managers and Vauban Infrastructure Partners. On 21 September 2021, in accordance with §§ 34, 14 (2) and (3) of the German Securities Acquisition and Takeover Act (WpÜG), Rhine Rail AG published its voluntary public takeover offer to acquire all the bearer shares of the shareholders of Aves One AG at a purchase price of EUR 12.80 per share. By resolution of the Management Board and the Supervisory Board dated 29 September 2021, the joint and substantiated statement on the takeover offer by Rhine Rail AG was approved, submitted in accordance with § 27 of the German Securities Acquisition and Takeover Act (WpÜG) and the Management and Supervisory Boards recommended that the offer be accepted.

Sales in the first nine months of the current financial year (subsequently referred to as the "reporting period") increased slightly to EUR 76,552 k (January to September 2020 (subsequently referred to as "PY"): EUR 75,500 k). However, the comparative period's sales included EUR 3,394 k of proceeds from the disposal of the last real estate operation. Adjusted for these proceeds, sales increased by 6.2 %. Compared to the prior year, a slight increase in EBITDA to EUR 52,710 k (PY: EUR 51,916 k) was achieved. This includes EUR 1,530 k of transaction-related expenses incurred in connection with the conclusion of the investment agreement with Rhine Rail AG. The expanded asset portfolio and the resulting higher depreciation led to a decrease in EBIT to EUR 26,786 k (PY: EUR 28,520 k). Due to an increase of EUR 16,337 k in exchange rate effects, an EBT of EUR 6,998 k (PY: EUR -11,625 k) was achieved. EBT adjusted for the effects of the sea container business (interest result, exchange rate effects

and other financing costs), for the valuation effects of termination options and for the result from the modification of loans as a consequence of the refinancing of a rail portfolio amounts to EUR 4,839 k (PY: EUR 7,591 k).

The Aves One Group incurred capital expenditure of EUR 60.8 million in the reporting period. Of this amount, EUR 57.0 million relates to the freight and tank wagon operations and EUR 3.7 million to the swap body operations.

ACCOUNTING AND MEASUREMENT POLICIES

The standards and interpretations applicable in the EU since 1 January 2021 have been applied in the preparation of the interim consolidated financial statements. The accounting and measurement policies applied correspond to those of the audited and published IFRS consolidated financial statements for the 2020 financial year. The interim report as of and for the period ended 30 September 2021 does not contain full interim financial statements in accordance with IAS 34 and should therefore be read in conjunction with the consolidated financial statements as of and for the year ended 31 December 2020. With regard to the possible effects of standards and interpretations that have already been approved but are only mandatory for future periods, we refer to the comments in the Notes to the Consolidated Financial Statements as of 31 December 2020.

CHANGES IN THE SCOPE OF CONSOLIDATION

There have been no changes in the scope of consolidation of the Aves Group compared to 31 December 2020.

FINANCIAL POSITION, NET ASSETS AND FINANCIAL PERFORMANCE

FINANCIAL PERFORMANCE

In the first nine months of this year, the Aves Group generated **sales** of EUR 76,552 k (PY: EUR 75,500 k). Compared to the same period of the prior year, sales of the core segment Rail increased by 8.7 % to EUR 68,105 k. This is mainly due to the investments made in the prior and the current financial years. Sales in the core Rail segment thus increased slightly more than the increase in the asset portfolio in the last twelve months. Container segment sales relate solely to swap bodies. EUR 3,394 k of the decrease in sales at the level of the holding Company is mainly due to the disposal of the last real estate operation in the comparative period. Adjusted for the effects from this disposal of the self-storage park, sales increased by 6.2 % compared to the prior year.

Sales in TEUR	9M 2021	9M 2020
Rail	68,105	62,668
Container	8,008	8,365
Holding	2,360	6,141
Consolidation	-1,921	-1,674
Total	76,552	75,500

The margin ((sales less cost of materials)/sales) of the core Rail segment decreased slightly from 81.0 % in the comparative period to 79.5 % in the reporting period. A slightly reduced utilisation compared to the prior year, which nevertheless remains at a stable, high level, is offset by slightly increased average rental rates. During the reporting period, following the corona-related reductions in utilisation, especially at the end of the last financial year, there was a continuous improvement in the utilisation of the fleet. In the Container segment, the margin decreased from 77.2 % to 75.3 %. The margin was influenced by a slight increase in utilisation and a marginal decrease in average rental rates compared to the same period of the prior year.

The Aves Group's **cost of materials** can be broken down over the segments as follows:

Cost of materials in EUR k	9M 2021	9M 2020
Rail	13,988	11,881
Container	1,976	1,910
Holding	0	0
Consolidation	-72	-34
Total	15,892	13,757

The increase in personnel expenses of EUR 1,520 k to EUR 5,201 k is mainly due to one-off transaction-related expenses. A reduction in other expenses of EUR 554 k to EUR 3,529 k was achieved.

The **EBITDA** of the Aves Group increased slightly from EUR 51,916 k to EUR 52,710 k. Adjusted for the transaction-related expenses in the reporting period and the one-off proceeds from the sale of the logistics real estate in the comparative period of the prior year, the EBITDA margin is slightly below the prior-year level at 70.9 % (PY: 72.0 %).

EBITDA in EUR k	9M 2021	9M 2020
Rail	52,775	50,294
Container	6,567	6,130
Holding	-6,744	-3,144
Consolidation	112	-1,364
Total	52,710	51,916

The Rail segment succeeded in improving its EBITDA by EUR 2,481 k to EUR 52,775 k. As a result, the EBITDA margin amounted to 77.5 % in the reporting period. Capacity utilisation in the core Rail segment is still sound, despite slight reductions compared to the prior year. In the course of the reporting period, it was possible to continuously increase the utilisation rate. Average rental rates improved compared to the comparative period.

For the Container segment, EBITDA increased by EUR 437 k to EUR 6,567 k and hence the EBITDA-margin from 73.3 % to 82.0 %. This includes income of EUR 617 k from the sale of a swap body portfolio. At 94.0 % (PY: 93.6 %), capacity utilisation is still at a high level.

The decline in the Holding company's EBITDA relates mainly to lower intra-group recharges and to an increase of EUR 1,530 k in one-off transaction expenses compared to the prior year. In addition, lower sales EUR -469 k of the Group's distribution subsidiary have contributed to an EBITDA reduction.

As a result of the strong investment activity in the past twelve months, **depreciation** increased by EUR 2,528 k to EUR 25,924 k.

Selected key financial figures in EUR k	9M 2021	9M 2020	Q3 2021	Q3 2020
Sales	76,552	75,500	26,273	24,637
Changes in inventories ¹	0	-3,063	0	0
Cost of materials	-15,892	-13,757	-6,014	-3,966
Personnel expenses	-5,201	-3,681	-2,636	-1,261
Other income	780	1,000	67	148
Other expenses	-3,529	-4,083	-1,093	-1,143
EBITDA	52,710	51,916	16,597	18,415
Depreciation	-25,924	-23,396	-8,552	-8,071
EBIT	26,786	28,520	8,045	10,344
Financial result	-19,788	-40,145	-8,669	-19,159
<i>whereof interest result</i>	-28,386	-31,237	-7,717	-10,132
<i>whereof sea containers</i>	-7,225	-10,308	-272	-2,827
<i>whereof net effect of loan modification</i>	786	0	-238	0
<i>whereof exchange rate effects</i>	8,183	-8,154	3,449	-8,656
<i>whereof measurement of derivative financial instruments</i>	1,184	194	-4,167	-20
<i>whereof other financing costs</i>	-769	-948	-234	-351
EBT	6,998	-11,625	-624	-8,815
EBT adjusted²	4,839	7,591	838	3,039
Taxes	2,851	-1,164	-1,019	-2,099
<i>whereof current income taxes</i>	-1,777	-596	-395	-25
<i>whereof deferred taxes</i>	4,628	-568	-624	-2,074
Results from continuing operations	9,849	-12,789	-1,643	-10,914
Results from discontinued operations	-8,745	7,998	-149	4,745

¹ Relates in full to the disposal of the storage park

² EBT adjusted for effects in the financial result: sea container interest result, net effect of loan modification, measurement effects of derivative financial instruments, exchange rate effects and other financing costs

Exchange rate effects:

The global sea container market uses USD as its transaction currency, so that all the companies of the Aves Group operating in this market report in the functional currency USD. The exchange rate effects included in the financial result represent income and expenses from the closing rate valuation of EUR liabilities and receivables in the Container segment. These effects arose due to the movement in the EUR/USD exchange rate from 1.2271 EUR/USD on 31 December 2020 to 1.1579 EUR/USD on 30 September 2021.

As already mentioned, in accordance with IFRS 5, the financial debt related to the sea container portfolio is not part of the discontinued sea container operations, so that interest expenses, exchange rate effects and other financing costs must still be reported in the results from continuing operations.

The decrease in the interest result is mainly due to the repayments of the financing debt in the sea container section, which were made from the disposal of the sea container portfolio.

The income from the measurement of derivative financial instruments of EUR 1,184 k (prior year: EUR 194 k) mainly relates to income from the measurement of termination options that the Aves Group secured in connection with the emission of bonds.

The EBT of the Aves Group adjusted for the effects from the sea container business (interest result sea containers, exchange rate effects and other financing costs), for the derivative financial instrument measurement effects and for the result from the loan modification in connection with the refinancing of a rail portfolio amounts to EUR 4,839 k (PY: EUR 7,591 k).

After tax, the **result of the continuing operations** of the Aves Group amounts to EUR 9,849 k (PY: EUR -12,789 k).

FINANCIAL POSITION

Cash flow from operating activities amounted to EUR 52,016 k in the reporting period, compared to EUR 63,492 k in the comparative period from 1 January 2020 to 30 September 2020 (PY). Of this amount, EUR 45,912 k (PY: EUR 35,178 k) is attributable to continuing operations.

Cash flow from investing activities amounted to EUR 93,407 k (PY: EUR -58,571 k). In the reporting period, the investments in property, plant and equipment of EUR -60,844 k were lower than those made in the comparative period (PY: EUR -76,617 k). The disposal of the sea container operations resulted in cash receipts of EUR 150,396 k. In the comparative period, disposals of property, plant and equipment led to cash receipts of EUR 10,791 k, of which EUR 9,999 k related to receipts from the disposal of sea containers.

Cash flow from financing activities amounted to EUR -143,970 k (PY: EUR 8,621 k). To finance freight wagons, tank wagons and swap bodies, the Company incurred lower liabilities in the reporting period (EUR 81,462 k) than in the comparative period (EUR 196,285 k). In addition, interest payments of EUR -27,709 k (PY: EUR -25,644 k) were made. Repayments of financial debt amounted to EUR -195,593 k (PY: EUR -159,320 k).

The Aves Group was at all times able to meet its payment obligations as they fell due. The Management Board has no indication that there will be any material adverse changes in the Aves Group's cash flows.

NET ASSETS

The asset side of the consolidated balance sheet as of 30 September 2021 is marked by property, plant and equipment of EUR 817,902 k (31.12.2020: EUR 935,455 k). The decrease mainly results from the disposal of the sea container business. The asset volume comprises mainly freight wagons (EUR 774,200 k) and swap bodies (EUR 42,523 k).

Current assets of EUR 62,181 k (31.12.2020: EUR 60,623 k) include other assets of EUR 25,687 k (31.12.2020: EUR 24,730 k). Other assets relate largely to restricted cash of EUR 16,477 k (31.12.2020: EUR 16,034 k) (reserve accounts for future maintenance and servicing of capital), which were mainly set up as part of the financing of rail portfolios. Current assets also include trade receivables of EUR 15,251 k (31.12.2020: EUR 17,023 k) and cash and cash equivalents of EUR 18,765 k (31.12.2020: EUR 17,283 k).

The asset side of the consolidated balance sheet as of 30 September 2021 shows assets held for sale of EUR 3,423 k (31.12.2020: EUR 0 k).

On the equity and liabilities side of the consolidated balance sheet, equity decreased from EUR 14,042 k as of 31 December 2020 to EUR 10,719 k. Non-current liabilities decreased from EUR 886,860 k as of 31 December 2020 to EUR 771,110 k as of 30 September 2021. Current liabilities increased slightly from EUR 120,670 k to EUR 127,363 k.

EVENTS AFTER THE CLOSING DATE

With the sale of the last tranche of the sea container portfolio on 1 October 2021, the disposal of the sea container business has been fully completed and executed as planned. In connection with this, all contractual relationships with the BoxDirect Group were terminated with effect from 30 September 2021.

Following the publication of its first, voluntary sustainability report, Aves has calculated its CO₂ emissions for the year 2020. In order to further reduce its CO₂ footprint and to set an example for social responsibility, the CO₂ equivalents (CO_{2e}) amounting to 222.6 t CO_{2e} were compensated by supporting a climate project in the Virunga

National Park in the Democratic Republic of Congo. By offsetting its emissions, the Aves Group is climate neutral for the year 2020. In addition to calculating its operating emissions, in 2020 the Company has identified its potential to reduce emissions and has initiated various measures to further reduce them.

On 15 November 2021, Rhine Rail AG announced the result of its voluntary public takeover offer to the shareholders of Aves One AG. This showed that the acceptance rate at the end of the regular acceptance period on 9 November 2021 was 88.3% and thus above the minimum acceptance threshold of 85%, meaning that all conditions of the takeover offer had been fulfilled.

As of 24 November 2021, Aves was informed by Rhine Rail AG that the majority takeover had taken place within the context of the voluntary, public takeover offer.

By contract dated 25 November 2021, CH2 Contorhaus Hansesstadt Hamburg AG, Hamburg, including its subsidiaries, was sold. As of 30 November 2021, the Aves Group will therefore deconsolidate these companies.

There were no other significant events after the closing date.

RISK AND OPPORTUNITY REPORT

The main risks and opportunities to which the Aves Group is exposed were presented in detail in the Group Management Report for the 2020 financial year. No significant changes were identified in the reporting period.

FORECAST 2021

In the opinion of the Management Board, Aves Group's business model has been built on a sound foundation. In the 2021 financial year, the Group is focussing in particular on the Rail segment, but also on investments in the swap body portfolio. With the disposal of the sea container portfolio in March 2021, which was completed at the beginning of the fourth quarter, the Management Board has finalised the transition to focus on the core Rail segment.

The investments in the Rail segment in the first nine months of the 2021 financial year show that in particular in the area of new-build wagons the Company is continuing to grow steadily and that the pace of growth can be maintained at a high level. The impact of the COVID-19 pandemic on global supply chains is clearly noticeable. In particular, supply and production chains are burdening society with rising prices and significant delivery delays as well as capacity constraints at workshops for upcoming maintenance measures. In light of the coalition agreement presented by the German government and the goals set here with a focus on climate protection, the Management Board believes that there could nevertheless be positive impacts on the core Rail segment.

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

The signing of the investment agreement with Swiss Life Asset Managers and Vauban Infrastructure Partners on 6 August 2021 and the acquisition by Rhine Rail AG of a majority stake of 88.3 % in Aves marked another milestone for the Company. The Management Board and the Supervisory Board believes that Swiss Life and Vauban, as the new primary shareholders, are the optimal partners to continue the growth trajectory and take Aves into its next phase of development.

Despite the still challenging environment, the Management Board is standing by its sales forecast of achieving sales of more than EUR 100 million (of which more than EUR 92 million in the Rail segment) for 2021. The forecast sales of more than EUR 8 million for the swap bodies remaining in the container segment were already achieved at the end of the third quarter. Further, the Management Board is still forecasting an EBITDA of more than EUR 70 million for the current financial year. Expected EBITDA still remains in excess of EUR 64 million for the core Rail segment and in excess of EUR 6 million for the Container segment.

Hamburg, 30 November 2021

The Management Board

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LEGAL NOTICE

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This report contains forward-looking statements and forecasts based on assumptions and estimates made by the Management of Aves One AG. While we assume that the expectations underlying these forward-looking statements are realistic, we cannot guarantee that the expectations will be met. The assumptions may harbour risks and uncertainties, which may lead to actual results that differ from those forecasted. Factors that may cause such deviations include changes in the economic and business environment or changes in corporate strategy.