BLG LOGISTICS

2020

Clear Course: Future

Financial Report

Short Profile

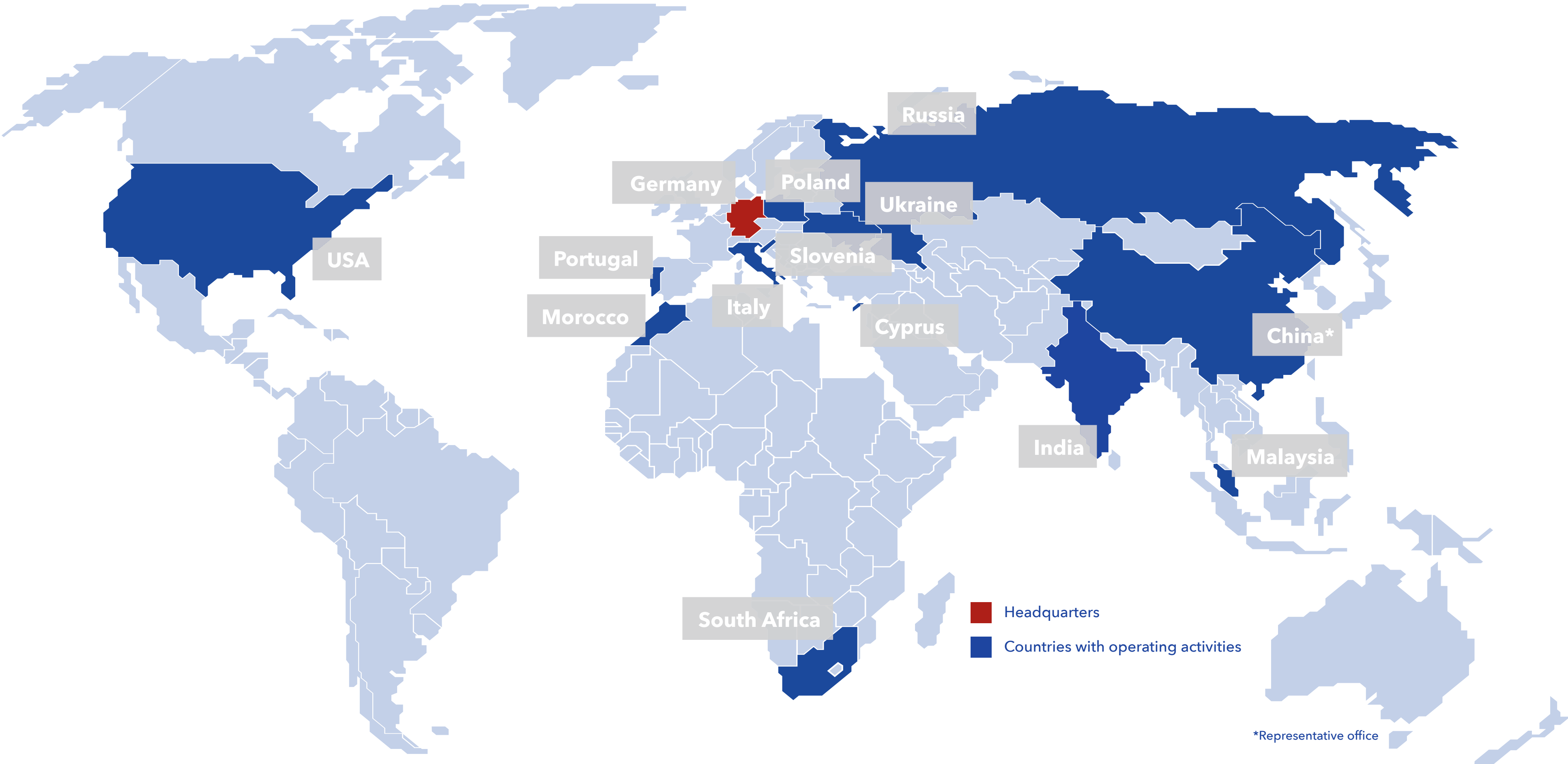
BLG LOGISTICS is a seaport-oriented logistics service provider with an international network. For over 140 years, we have stood for logistics with heart and mind. For our customers in industry and retailing we shape trends in logistics by developing and delivering innovative, highly complex and sustainable logistics solutions with a high level of specialist competence.

Today, the BLG Group has a presence in all the world's growth markets, with more than 100 locations and offices in Europe, America, Africa and Asia. Our AUTOMOBILE and CONTAINER Divisions are leaders in Europe. Our CONTRACT Division is among the leading German providers.

BLG LOGISTICS aims to become a climate-neutral company by 2030. We are the first German logistics provider with scientifically recognized climate protection targets.

As an employer, we therefore take a personal, appreciative and foresightful approach. Including all its shareholdings, BLG LOGISTICS currently offers around 20,000 jobs worldwide. The BLG Group has its headquarters in the Free Hanseatic City of Bremen.

Locations of BLG LOGISTICS



Contents

Enhance your experience online!

The online version contains a lot of additional information, videos and a key performance indicator calculator. Here you will find the Financial Report, Sustainability Report and the Company Magazine. Clear course: digital.

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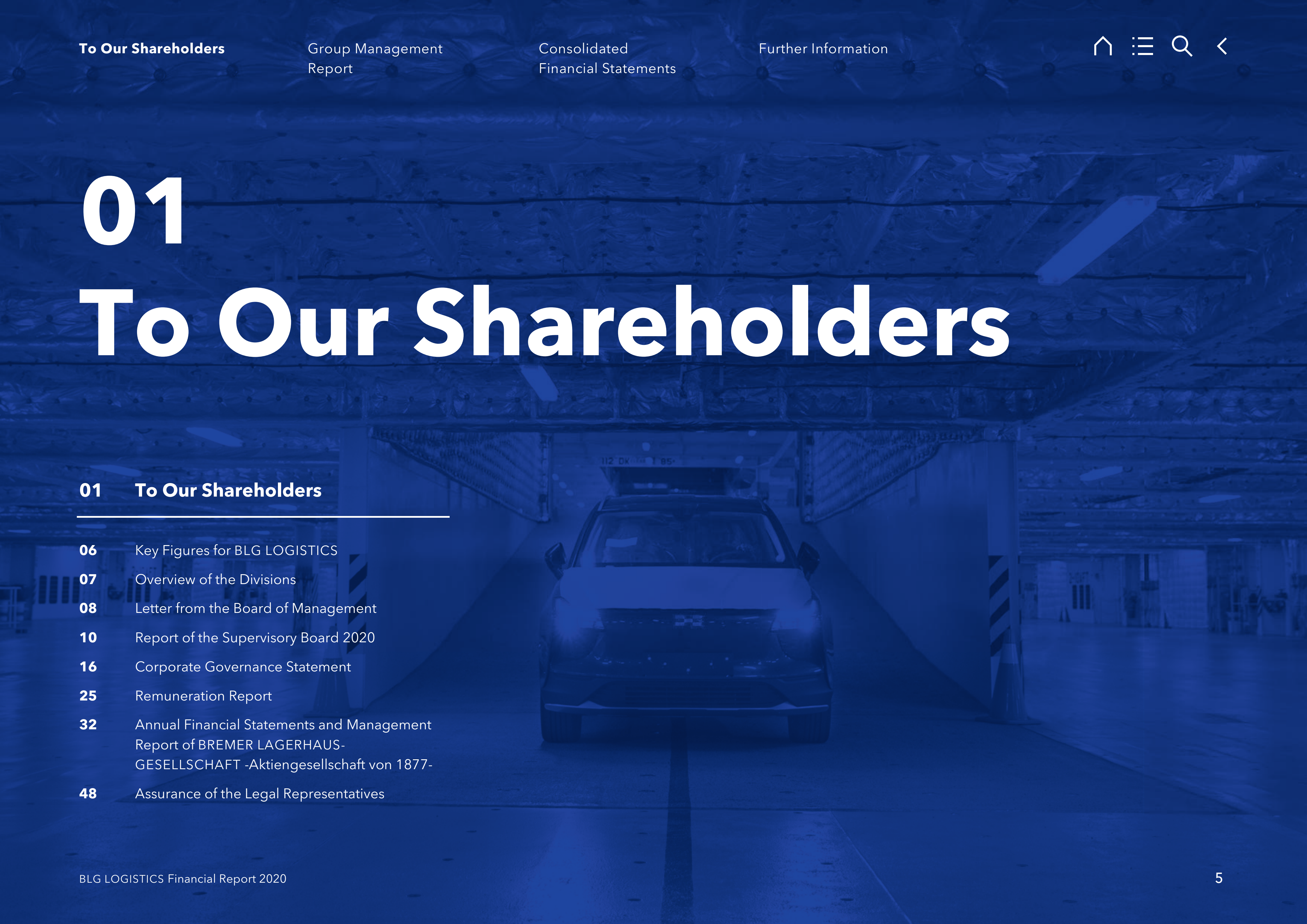


01
To Our Shareholders

01 To Our Shareholders

Key Figures for BLG LOGISTICS[1]

EUR thousand		2020	2019	Absolute change	Percentage change
Revenue and earnings					
Revenue		**1,065,235**	1,158,632	-93,397	-8.1
EBT		**-116,127**	37,544	-153,671	-409.3
EBT margin[2]	Percent	**-10.9**	3.2	-14.1	-440.6
Asset and capital structure					
Total assets		**1,194,093**	1,288,303	-94,210	-7.3
Cash investments		**69,890**	54,386	15,504	28.5
Equity		**59,741**	203,364	-143,622	-70.6
Equity ratio	Percent	**5.0**	15.8	-10.8	-68.4
Net debt		**676,904**	611,895	65,010	10.6
Cash flows					
Cash flow from operating activities		**27,264**	65,701	-38,437	-58.5
Cash flow from investing activities		**-32,889**	3,815	-36,704	-962.1
Cash flow from financing activities		**-14,706**	-72,073	57,367	79.6
Key figures for the BLG share					
Earnings per share	EUR	**0.29**	0.38	-0.09	-23.7
Dividend	EUR	**0.11**	0.40	-0.29	-72.5
	Percent	**4.2**	15.4	-11.2	-72.5
Dividend yield	Percent	**0.9**	3.1	-2.2	-71.1
Human resources					
Employees[3]	Number	**11,609**	11,720	-111	-0.9
Jobs worldwide	Number	**20,000**	20,000	0	0.0

[1] Key figures after reconciliation. The reconciliation is shown in the ▸Segment reporting.
[2] Please see the ▸"Basic Group information" section of the group management report for information on the calculation of the key figures.
[3] Determined in accordance with Section 267 (5) HGB; incl. the CONTAINER Division.

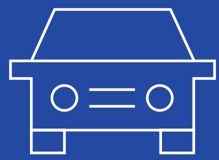
Overview of the Divisions

AUTOMOBILE

The AUTOMOBILE Division is the leading technical and logistics service provider for the international automotive industry. BLG LOGISTICS' AUTOMOBILE Division offers multimodal transport concepts with global logistics reach and dovetails individualized and innovative technical service packages.

		2020	2019
Revenue	EUR thousand	**521,377**	603,734
EBT	EUR thousand	**-8,998**	19,324
EBT margin	Percent	**-1.7**	3.2
Employees	Number	**3,331**	3,308

39%
revenue share

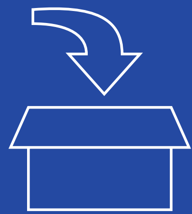


CONTRACT

The CONTRACT Division manages complex projects and offers its customers reliable upstream and downstream logistics solutions. BLG LOGISTICS works at our logistics centers and our customers' production facilities and warehouses at over 40 locations in Europe and overseas.

		2020	2019
Revenue	EUR thousand	**552,621**	563,934
EBT	EUR thousand	**-13,891**	7,436
EBT margin	Percent	**-2.5**	1.3
Employees	Number	**6,287**	6,393

41%
revenue share

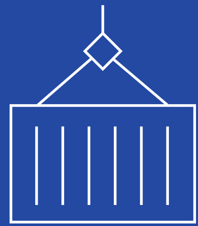


CONTAINER

EUROGATE, in which BLG LOGISTICS holds a 50 percent stake, is Europe's leading shipping line-independent container terminal group. It operates a network of 12 container terminals, in some cases with partners, from the North Sea to the Mediterranean. Secondary services are also available in the form of intermodal and container-related services.

		2020	2019
Revenue	EUR thousand	**263,522**	282,304
EBT	EUR thousand	**-67,274**	23,699
EBT margin	Percent	**-25.5**	8.4
Employees	Number	**1,618**	1,653

20%
revenue share



Letter from the Board of Management

Dear Sir or Madam,

As a modern logistics company, we are used to operating in a challenging environment. However, the COVID year 2020 was unequaled in that it impacted on our business to an unprecedented degree. Not even the 2008 global financial and economic crisis had such repercussions for our business operations.

The losses sustained in the operating units are considerable. The slump in business in 2020 is mainly attributable to the first, almost global lockdown, which resulted in a massive drop in revenue in the spring. From the summer onwards, business largely returned to normal. Recognition of loss allowances and provisions also had a strong impact at the end of the year. We take a realistic view: It is going to be some time before we see a recovery of the overall economic situation.

The good news is that we are well positioned and as a company offer a wide range of services in different industries. Our customers have remained loyal to us and in 2020 we were able to open new and expand existing locations. This is an achievement we are proud of. A strong market focus and improving our customers' value creation continue to be a top priority for us.

We owe our thanks in particular to our employees, who in a combined effort have enabled us to meet the constantly changing challenges of the pandemic year. They have lived the values ingrained in our corporate culture – such as acting responsibly and being open to change – on a daily basis. We are grateful that, thanks to the early introduction of extensive and foresighted hygiene concepts, there have been no cases of infection at the workplace.

We are charting a "Clear Course: Future" not only when it comes to our customers and staff. The motto of this year's company report applies to many areas of the company.

With "Mission Climate", we are paving the way to becoming a climate-neutral company by 2030. BLG is the first German logistics company with scientifically recognized climate protection targets verified in fall 2020 by the renowned Science Based Targets initiative (SBTi).

We are also pioneering groundbreaking projects in the areas of digitalization and innovation. In the field of artificial intelligence (AI), three research projects were launched in collaboration with renowned partners. The total project volume amounts to nearly EUR 6 million.

You can be sure of one thing: We will continue to do everything we can to remain a robust and viable company in the future.

We would like to thank you, our shareholders, for the trust you have continued to place in us during these difficult times.

Frank Dreeke
CEO & Chairman of the Board of Management

Michael Blach
CONTAINER Division

Andrea Eck
AUTOMOBILE Division

Christine Hein
CFO

Ulrike Riedel
Labor Relations Director

Jens Wollesen
CONTRACT Division

Board of Management

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Report of the Supervisory Board 2020

Dear Sir or Madam,

The 2020 financial year was heavily impacted by the coronavirus pandemic that broke out in February 2020. The effects of the crisis on the world economy, global trade flows and the associated supply chains were huge. In addition to addressing the business challenges this presented, the Board of Management placed a particular focus from the outset on the health and well-being of our employees and introduced appropriate measures accordingly. At the same time, it was essential to ensure continuity of operations and make progress with ongoing projects and areas of future significance. I am therefore confident that we will succeed in steering a clear course out of these challenging times and can look to the future from a stronger position.

In the 2020 financial year, the Supervisory Board of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877- (BLG AG) actively engaged in the duties assigned to it by law, the Articles of Incorporation and rules of procedure and regularly and extensively discussed the company's situation and development. The Supervisory Board continuously monitored and supported the work of the Board of Management in the financial year. The detailed reports made by the Board of Management in written and oral form constituted the basis for this. In addition, the Chairman of the Supervisory Board regularly exchanged information and ideas with the Board of Management, so that the Supervisory Board was always informed promptly and comprehensively about the intended business policy, corporate planning, the current earnings situation, including the risk situation and risk management, as well as the situation of the company and the BLG Group.

In accordance with the recommendations and suggestions of the German Corporate Governance Code (Code), the Supervisory Board supported the Board of Management in the management of the company and advised it on management matters.

Whenever management decisions or measures required approval according to law, the Articles of Incorporation or the rules of procedure, the members of the Supervisory Board – prepared by its committees, among others – reviewed the draft resolutions at meetings or adopted them on the basis of written information. The members of the Board of Management invariably took part in the meetings, except where they concerned personnel matters. In accordance with the new recommendations of the current version of the Code published in the Federal Gazette (Bundesanzeiger) on March 20, 2020, regular meetings of the Supervisory Board without the Board of Management are planned for the future. The Supervisory Board was intensively involved in decisions of major significance for BLG LOGISTICS from an early stage. The economic and risk situation and the development prospects of BLG LOGISTICS described in the reports of the Board of Management, the individual divisions and

Dr. Klaus Meier
Chairman of the Supervisory Board

business areas as well as major equity investments in Germany and abroad were the subject of detailed discussion.

The Supervisory Board convened at four regular meetings in 2020. Due to the special circumstances created by the coronavirus pandemic, Supervisory Board members had the possibility to participate virtually in individual face-to-face meetings. The average attendance rate was 98 percent; no member of the Supervisory Board took part in fewer than half of the meetings. Average attendance at committee meetings in 2020 was 100 percent. The members of the Supervisory Board elected by the shareholders and by the employees prepared for the meetings at separate meetings in some cases. Details of attendance rates are shown in the following table.

The Investment Committee and the Mediation Committee (committee in accordance with Section 27 (3) MitbestG (German Co-Determination Act)) did not convene in the 2020 financial year. There were no conflicts of interest on the part of members of the Board of Management and the Supervisory Board that required immediate disclosure to the Supervisory Board and about which the Annual General Meeting had to be informed.

The Code requires that members of the Board of Management shall only assume sideline activities, especially supervisory board mandates outside the enterprise, with the approval of the Supervisory Board. The assumed mandates did not give rise to any identifiable conflicts of interest; on the contrary, they were deemed to be consistently in the interest of BLG LOGISTICS.

Meeting attendance 2020	Supervisory Board	Human Resources Committee	Audit Committee	**Total in percent**
Dr. Klaus Meier	4/4	4/4		100
Christine Behle	4/4	4/4		100
Sonja Berndt (Human Resources Committee from 09/17/2020, Audit Committee until 09/17/2020)	4/4		1/1	100
Karl-Heinz Dammann	4/4	4/4		100
Heiner Dettmer	4/4	4/4		100
Melf Grantz	4/4	4/4		100
Udo Klöpping	4/4			100
Wybcke Meier	3/4			75
Dr. Tim Nesemann	4/4		2/2	100
Beate Pernak (from 07/01/2020, Audit Committee from 09/17/2020)	2/2		1/1	100
Klaus Pollok	4/4	4/4		100
Dr. Claudia Schilling (from 01/13/2020)	4/4	4/4		100
Dietmar Strehl (from 01/13/2020)	4/4		2/2	100
Dieter Strerath (until 06/30/2020)	2/2	2/2		100
Reiner Thau	4/4		2/2	100
Vera Visser (from 01/24/2020, Audit Committee from 02/27/2020)	4/4		2/2	100
Dr. Patrick Wendisch	4/4		2/2	100
Total in percent	**98**	**100**	**100**	**99**

Issues discussed in the Supervisory Board

The consultations of the Supervisory Board at its four regular meetings in 2020 repeatedly focused on the challenges created by the enormous impact of the coronavirus pandemic and the resulting earnings position. Furthermore, important matters regarding the strategy and business activities of BLG LOGISTICS and its divisions, as well as personnel matters, were discussed. In its individual meetings, the Supervisory Board focused on strategic issues and geopolitical assessments, such as the expansion of the industrial logistics (Europe) and inland terminals business areas, BLG LOGISTICS' further growth through new businesses and investments, the annual and consolidated financial statements, and the company's current risk exposure, including the risk management system and the risk-aware management of the company's development. In addition, the Supervisory Board also dealt with the agenda for the 2020 Annual General Meeting, the requirements of the revised Code (incl. remuneration of the Board of Management) and the preparation of the non-financial Group statement in accordance with Section 315b of the German Commercial Code (HGB).

All major business activities, the company's position in the coronavirus pandemic, the development of the net assets, financial position and results of operations, as well as the analyses of deviations from corporate planning and corresponding scenarios due to the coronavirus pandemic were promptly and intensively discussed jointly with the Board of Management. Corporate planning as well as short-term earnings and financial planning were discussed in detail at the meeting on December 10, 2020. In addition, the heads of the Internal Audit and Compliance departments reported to the Supervisory Board at the meeting.

The composition of the Supervisory Board changed as follows compared with December 31, 2019:

Martin Günthner resigned as a member of the Supervisory Board with effect from November 30, 2019. He was replaced by Dr. Claudia Schilling. Dr. Claudia Schilling was appointed as a member of the Supervisory Board by court order of the District Court of Bremen on January 13, 2020.

Karoline Linnert resigned as a member of the Supervisory Board with effect from November 30, 2019. She was replaced by Dietmar Strehl. Dietmar Strehl was appointed as a member of the Supervisory Board by court order of the District Court of Bremen on January 13, 2020.

Stefan Schubert resigned as a member of the Supervisory Board with effect from December 31, 2019. He was replaced by Vera Visser. Vera Visser was appointed as a member of the Supervisory Board by court order of the District Court of Bremen on January 24, 2020.

Dieter Strerath resigned as a member of the Supervisory Board with effect from June 30, 2020. He was replaced by Beate Pernak with effect from July 1, 2020. Beate Pernak was appointed as a substitute member in 2018.

No former members of the Board of Management of BLG AG are represented on the Supervisory Board.

The following changes were made to the composition of the Board of Management in the 2020 financial year:

The former Industrial Relations Director, Dieter Schumacher (originally appointed until December 31, 2020), passed away on February 19, 2020. He has been succeeded as Industrial Relations Director by Ulrike Riedel, who was appointed with effect from July 1, 2020.

The former Chief Financial Officer, Jens Bieniek (originally appointed until May 31, 2021), resigned as a member of the Board of Management with effect from December 11, 2020. He was replaced by Christine Hein, who was appointed as a member of the Board of Management with effect from November 1, 2020.

At its meeting on September 17, 2020, the Supervisory Board decided to extend the contract with Michael Blach for five years. He is now appointed until May 31, 2026.

Work of the committees

To perform its duties efficiently, the Supervisory Board has additionally set up four committees. These committees of the Supervisory Board are the Audit Committee, Human Resources Committee, Investment Committee and Mediation Committee in accordance with Section 27 (3) MitbestG (German Co-Determination Act). They prepare the resolutions of the Supervisory Board in the plenary session and decide, where permissible, in individual cases in its place. Separate rules of procedure apply to the Audit Committee and the Investment Committee. All committees have equal representation.

The **Audit Committee** held two meetings in the 2020 financial year. The main subject of the meeting on April 21, 2020 was the extensive discussion and examination of the annual financial statements, the consolidated financial statements and the management reports for the 2019 financial year. Representatives from the auditing company took part in the meeting via video conference when the annual financial statements were addressed and they reported on the results of the audit. In addition, the Audit Committee discussed the appropriation of the net retained profits (HGB) as well as the invitation to the Annual General Meeting and submitted resolutions to the Supervisory Board.

The Audit Committee oversees the selection, independence, rotation and efficiency of the auditor as well as the services it provides and is concerned with conducting an evaluation of the quality of the audit process. Any questions in this regard are discussed in the plenary session. No impediments to the selection of PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Bremen, as statutory auditor for the 2021 financial year were identified.

As a rule, BLG LOGISTICS changes the auditor at least every five years. Within the scope of the respective tendering process, the Audit Committee considers the expertise, experience and independence of the candidates.

At its meeting on December 8, 2020, the Audit Committee dealt primarily with corporate planning, including medium-term earnings and financial planning, and the approval of non-audit services. A further focus of the activity was the risk situation and the further development of the compliance system.

The **Human Resources Committee** held four meetings in the reporting year. At all meetings, it dealt primarily with personnel matters relating to the Board of Management. One focus of the consultations was on determining and appointing replacements for the Board of Management positions of Industrial Relations Director and Chief Financial Officer. At the meeting on April 23, 2020, it dealt in particular with the variable component of the remuneration of the Board of Management for the 2019 financial year.

Due to the new recommendations of the Code, a revision of the remuneration system for the Board of Management is necessary. This is currently being undertaken and will be submitted for approval to the Annual General Meeting on June 2, 2021.

The **Investment Committee** and the **Mediation Committee** (committee in accordance with Section 27 (3) MitbestG (German Co-Determination Act)) did not meet during the reporting year.

The meetings and decisions of the committees were prepared on the basis of reports and other information of the Board of Management. Members of the Board of Management regularly took part in the committee meetings. The chairs of the committees reported to the Supervisory Board on the activities and their results following the meetings and submitted resolution recommendations.

Training and self-assessment

The members of the Supervisory Board take responsibility for undertaking any training or professional development measures necessary to fulfill their duties, for example to bring them up to speed with changes in the legal framework and new technologies, and are supported in this by BLG LOGISTICS. In-house training courses or information events for targeted further training are offered as required. In the reporting year, an in-house training course took place on the topics of organization and responsibilities (incl. remuneration of the Board of Management), rights and duties, and liability. New Supervisory Board members have the opportunity to meet with members of the Board of Management and managers from the individual divisions to exchange views on fundamental and topical issues and thus obtain an overview of the main topics relevant to the company (onboarding). To provide additional, deeper insight into the company, regular meetings are to be held, also at other company locations.

The Supervisory Board assesses, at regular intervals, how effectively the Supervisory Board as a whole and its committees fulfill their tasks. The results are discussed in depth by the Supervisory Board and, where appropriate, necessary action is taken. The next self-assessment is planned for 2021. No explicit review was undertaken in the reporting year. There were no indications of significant deficits.

Corporate governance and declaration of compliance

The Supervisory Board worked on the application of the German Corporate Governance Code within the company. The 20th declaration of compliance with the recommendations of the Code, dated September 17, 2020, and prepared by the Supervisory Board and the Board of Management pursuant to Section 161 of the German Stock Corporation Act (AktG), corresponds to the version of December 16, 2019, published on March 20, 2020. The joint declaration of compliance is permanently accessible on the BLG LOGISTICS website at ➚*www.blg-logistics.com/ir* under Corporate Governance and is also included in the corporate governance statement.

Audit of the annual and consolidated financial statements

The representatives of PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Bremen, the auditing firm duly elected as auditor, were present via video conference at the Supervisory Board's accounts meeting for the 2020 financial year and at the preparatory meeting of the Audit Committee and reported in detail on the results of their audit.

The annual financial statements, management report and financial statements for the purpose of complying with the duty of BLG AG to prepare consolidated financial statements and the consolidated financial statements and group management report of BLG LOGISTICS have been prepared by the Board of Management in accordance with the statutory provisions and in compliance with generally accepted accounting principles and have been audited and issued an unqualified auditor's report by PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Bremen, the auditing company which was elected by the Annual General Meeting.

The auditing company has reviewed the report on relationships to affiliated companies (dependent company report) prepared by the Board of Management for the 2020 financial year and issued the following auditor's report:

"After conducting our examination and assessment in accordance with our obligations, we confirm that

1. the factual statements contained in the report are correct,
2. benefits derived by the company from the legal transactions specified in the report were not unreasonably high."

The annual financial statements and management report, the financial statements for the purpose of complying with the duty to prepare consolidated financial statements, including the management report, consolidated financial statements and group management report as well as the audit reports of the company's auditor were made available to all members of the Supervisory Board in due time.

For its part, the Supervisory Board has reviewed the annual financial statements, the consolidated financial statements, the financial statements for the purpose of complying with the duty to prepare consolidated financial statements, the management reports and the group management report of the Board of Management as well as the proposal of the Board of Management concerning appropriation of the net retained profits (HGB). The Supervisory Board concurs with the result of the audit of the annual financial statements, the consolidated financial statements and the financial statements for the purpose of complying with the duty to prepare consolidated financial statements, including the management reports, conducted by the auditing company. The Supervisory Board has approved and adopted the annual financial statements prepared by the Board of Management. The Supervisory Board has also approved the financial statements for the purpose of complying with the duty to prepare consolidated financial statements prepared by the Board of Management and the consolidated financial statements. The Supervisory Board concurs with the management reports and in particular with the evaluation of the further development of BLG LOGISTICS. This also applies to the dividend policy and the decisions regarding reserves at BLG AG.

Furthermore, the Supervisory Board has reviewed the report of the Board of Management on the relationships with affiliated companies and the result of the audit of this report conducted by the auditing company. The Supervisory Board concurs with the result of the audit of the dependent company report conducted by the auditing company. According to the final result of the review of the dependent company report by the Supervisory Board, there are no objections to the final statement of the Board of Management in the latter report.

Non-financial report

In accordance with the provisions of the Act to Strengthen Non-Financial Reporting by Companies in their Management Reports and Group Reports (CSR Directive Implementation Act), BLG LOGISTICS has prepared a non-financial Group statement in accordance with Section 315b HGB since the 2017 financial year. This statement for the 2020 financial year is integrated as a separate non-financial report in the 2020 sustainability report and its contents have been reviewed by the Supervisory Board. The review did not give rise to any objections. ↗ *reporting.blg-logistics.com*

The Supervisory Board expresses its gratitude in this exceptionally challenging year to the members of the Board of Management and all employees for their high level of commitment and the consistent efforts to keep our company on a path to success. The Supervisory Board is convinced that by charting a clear course toward the future, BLG LOGISTICS will overcome the crisis and can secure its earnings power on a long-term basis.

Bremen, April 2021

For the Supervisory Board

Dr. Klaus Meier

Chairman

Corporate Governance Statement

Statement pursuant to Section 161 of the German Stock Corporation Act

Corporate governance encompasses the entire system of managing and monitoring a corporation, including the organization of the company, its business policy principles and guidelines as well as the system of internal and external monitoring and control mechanisms. Corporate governance structures responsible management and control of the company geared to the principles of a social market economy and sustainable added value.

The scope for shaping corporate governance on the part of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877- (BLG AG) is based on German law, in particular stock corporation, co-determination and capital market law as well as the company's Articles of Incorporation and the German Corporate Governance Code (Code).

The 20th declaration of compliance with the Code as amended on December 16, 2019 was issued by the Board of Management on August 31, 2020 and by the Supervisory Board of BLG AG on September 17, 2020.

"BLG AG has complied with and will continue for the period covered by the declaration to comply with the recommendations of the government commission, with the following exceptions:

1. Recommendation C.2
"An age limit shall be specified for members of the Supervisory Board and disclosed in the corporate governance statement."

The Supervisory Board has defined an age limit for its members in its rules of procedure.

When making nomination proposals to the relevant election bodies, the Supervisory Board takes into account the age limit it has set and the actual age of the candidate. Candidates are not appointed statically solely on the basis of their age and the specified age limits. The actual age is considered in relation to, among other things, the candidate's professional and personal suitability and other requirements from the set of diversity criteria. When proposing candidates for board functions, Board of Management and Supervisory Board give consideration to diversity as well as to independence.

2. Recommendation C.6
"The Supervisory Board shall include what it considers to be an appropriate number of independent members, thereby taking into account the shareholder structure. (…)"

The members of the Supervisory Board of the company currently include major shareholders, who account for the majority of the voting rights (>60 percent). The Supervisory Board comprises an appropriate number of independent members. The Supervisory Board has thus been composed in accordance with the independence criteria and there is no further need to take the shareholder structure into account.

3. Recommendation C.7
"(...) When assessing the independence of Supervisory Board members from the company and its Management Board, shareholder representatives shall particularly take into consideration whether the respective Supervisory Board member – or a close family member (...) - has been a member of the Supervisory Board for more than 12 years."

The Board of Management and the Supervisory Board are of the opinion that an upper time limit on the duration of membership on the Supervisory Board is not an objective criterion for the composition of the Supervisory Board. The Board of Management and the Supervisory Board are committed to ensuring that the Supervisory Board has a mix of experienced and newly elected members. Furthermore, the diversity criterion specified in the Code must also be met with regard to the different lengths of service on the board and the corresponding company-specific knowledge and experience of the members.

4. Recommendation D.5
"The Supervisory Board shall form a Nomination Committee, composed exclusively of shareholder representatives, which names suitable candidates to the Supervisory Board for its proposals to the General Meeting."

The Supervisory Board has transferred the powers of the Nomination Committee to the Human Resources Committee. The Human Resources Committee is composed of representatives of the shareholders and employee representatives.

5. Recommendation F.2
"The consolidated financial statements and the group management report shall be made publicly accessible within 90 days from the end of the financial year, while mandatory interim financial information shall be made publicly accessible within 45 days from the end of the reporting period."

BLG AG cannot currently meet all recommended deadlines. However, the company intends to fully comply with this recommendation in the medium term. The consolidated financial statements are published within four months from the end of the financial year.

6. Recommendation F.3
"If the company is not required to publish quarterly statements, it shall still inform shareholders during the course of the year in an appropriate way – in addition to the half-year financial report – about business developments, and in particular about material changes to the business outlook and the risk situation."

Since pursuant to the currently applicable International Financial Reporting Standards (IFRSs) BLG AG does not have any subsidiaries to be consolidated, a quarterly statement would only have to be prepared at the company level. By reason of the business activity of the company, which essentially fulfills a liability and management function, material changes in the business development and risk situation are as a rule not to be expected. The company therefore considers that the effort to prepare a quarterly report is not reasonably commensurate with the added value of the information.

7. Section G / I. Remuneration of the Management Board (Recommendations G.1–G.16)
(Text of the Code not reproduced here)

In accordance with the provisions of the Act on the Implementation of the Second Shareholders' Rights Directive (Gesetz zur Umsetzung der zweiten Aktionärsrechterichtlinie – ARUG II), the Supervisory Board is currently developing a new remuneration system that will be submitted to the Annual General Meeting for approval in 2021. Therefore, the requirements and recommendations of the 2019 Code, which are based on ARUG II, currently cannot yet be fully complied with."

The declaration has been made permanently available on our website ➚ www.blg-logistics.com/ir.

Code of Ethics

Sustained value creation and responsible corporate management are key elements of the corporate policy of BLG LOGISTICS. Dealings with customers, business partners, employees and shareholders based on trust form the foundation for these elements. This involves compliance with laws as well as with the Group's standardized Code of Ethics.

The Code is aimed at avoiding inappropriate behavior and fostering ethical conduct as well as exemplary and responsible action. It is directed at the Board of Management, managers and staff members alike and serves as a guide to proper and consistent behavior.

Compliance

Systematic fairness
Key elements of the compliance system we introduced in 2014 include our Code of Ethics and Anti-Corruption Policy. This policy is reviewed on a yearly basis with regard to new legal requirements or specific experiences in the company and adapted if necessary. Our Compliance Policy also came into force at the start of 2017, detailing the cooperation between the central departments and the operating units.

Our rules and regulations apply to all domestic companies in which BLG LOGISTICS directly or indirectly holds more than 50 percent of the shares or controls the management of the company. Companies that are not subject to German law must apply these guidelines in accordance with their national law.

Our compliance system makes it clear that we will not tolerate corruption in any way. We do not allow discrimination of any kind. Occupational safety and health protection are a top priority for us. We use our resources responsibly and face fair competition.

When the system was introduced, all employees of BLG LOGISTICS received the Code of Ethics through the mail. New employees receive it in their welcome pack;

temporary workers are made aware of it during their initial training. Together with the Anti-Corruption Policy and the Compliance Policy, the Code of Ethics can also be consulted on the intranet. Information on the compliance system, the Code of Ethics and contact details are also publicly available online. At the international locations, the policies are available in the respective national languages. The Code of Ethics and the Anti-Corruption Policy are binding for all internal and external employees and consultants of BLG LOGISTICS.

As Chief Compliance Officer, the CEO of BLG is head of our compliance system. A compliance officer appointed by the Board of Management develops the compliance strategy further in consultation with the Board of Management and informs it regularly on all relevant compliance matters. As a neutral contact person, he is available to employees for questions regarding the Code of Ethics and for information on legal violations. An externally appointed ombudsperson also offers both employees and third parties the possibility of anonymously reporting compliance violations.

Further information as well as the BLG's Code of Ethics are available under ➚*www.blg-logistics.com/compliance*.

Prevention by raising awareness
The Board of Management and managers of BLG LOGISTICS set an example in the implementation of and compliance with the Code of Ethics and Anti-Corruption Policy. They are responsible for ensuring that all employees in their area of responsibility are familiar with the rules and strictly observe them. Employees are obliged to point out grievances or suspected violations of the law. A fundamental component of the prevention of corruption is to increase employee awareness and to openly discuss the dangers of corruption. For their own protection and for the protection of the company, the dual control principle is to be applied in all legally relevant business processes. Every action and every decision must be transparent, impartial and based on objective criteria. Extensive, regular training minimizes the risk of corruption and raises employees' awareness of compliance issues.

Compliance in the supply chain
Our General Terms and Conditions of Contract and Purchasing also take compliance into account. We require our suppliers and service providers to comply with the principles of the United Nations Global Compact. See also: ➚ *www.blg-logistics.com/agbo*

Diversity

Diversity plays an important role at BLG LOGISTICS. The company's diversity concept includes the entire Group and thus goes beyond the levels of management and supervision. BLG LOGISTICS sees diversity as an important factor in its success and as an enrichment for its corporate, management, project and co-determination culture. For BLG LOGISTICS, diversity management means taking a holistic approach to the diverse characteristics of employees. The diversity characteristics of gender, cultural diversity, work-life balance, people with disabilities, demographic change and sexual orientation are treated with respect. Diversity management is based on the Code of Industrial Relations, the Compliance Policy, reference to the Diversity Charter and other supplementary agreements. The principles of these regulations are implemented in BLG LOGISTICS' recruitment decisions and qualification measures.

Within BLG LOGISTICS, the Human Resources department is responsible for diversity and general equal treatment. The Human Resources department is responsible for the strategic orientation of diversity management, its conceptual development and for advising and supporting the Board of Management. In addition, the Human Resources department is the contact for employees in all matters relating to diversity. The Human Resources department gives impulses and a voice to everyone in the company. The Human Resources department understands organizations and people – and brings them together. This is what BLG LOGISTICS is committed to: A relationship based on cooperation and respect.

Board of Management and Supervisory Board procedures

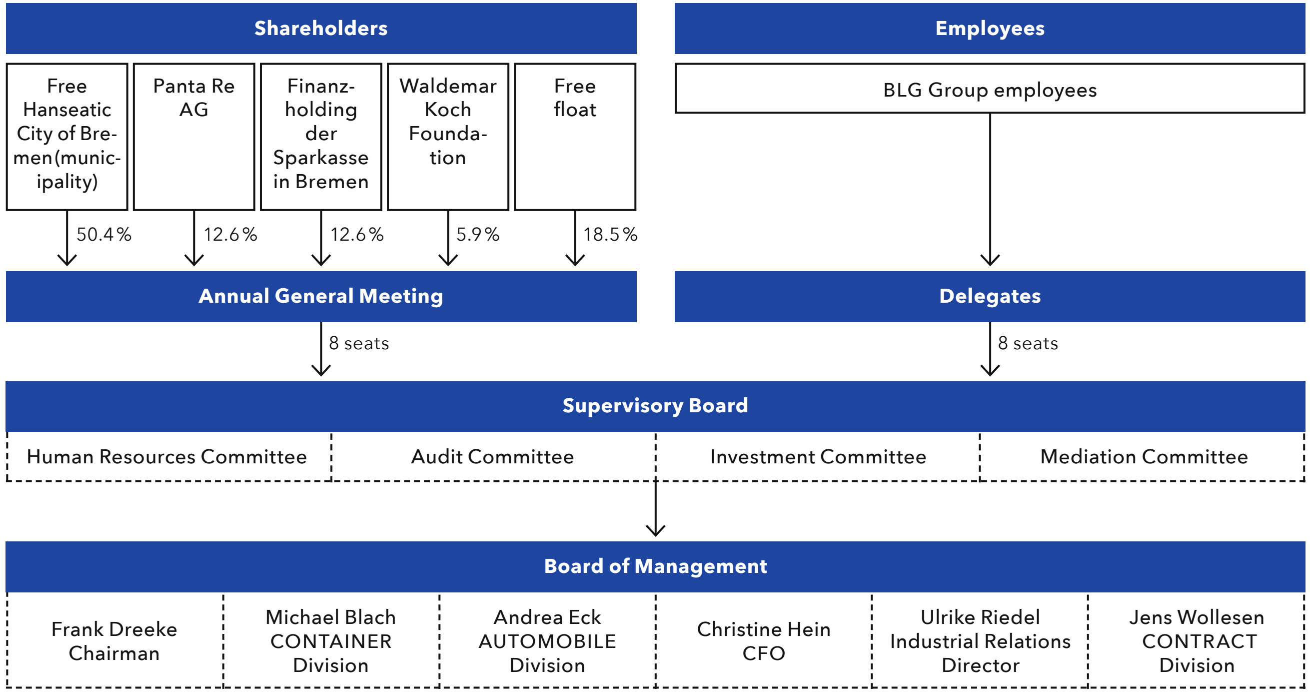
BLG AG is a company subject to German law, on which the Code is also based. A basic principle of German corporate law is the dual management system, with the management and supervisory boards, in which there is a strict separation in terms of personnel between the management board as the management body and the supervisory board as supervisory body, each with separate areas of responsibility. The Board of Management and Supervisory Board of BLG AG work closely together in an atmosphere of mutual trust in managing and monitoring the company.

The Board of Management

The Board of Management of BLG AG is responsible for the management of the BLG LOGISTICS GROUP AG & Co. KG, Bremen (BLG KG), and is therefore solely responsible for managing the two companies and represents the companies in transactions with third parties. The Board of Management is obligated to pursue the goal of achieving a sustainable increase in the enterprise value in the interest of BLG LOGISTICS and in line with the stakeholder approach. The departmental responsibilities of the individual members of the Board of Management are listed in the notes.

The following changes were made to the composition of the Board of Management in the 2020 financial year.

The former Industrial Relations Director, Dieter Schumacher (originally appointed until December 31, 2020), passed away on February 19, 2020. He has been



Governance structure of BLG AG as of December 31, 2020

succeeded as Industrial Relations Director by Ulrike Riedel, who was appointed with effect from July 1, 2020. Ulrike Riedel was previously posted from BLG LOGISTICS, working in the CONTAINER Division. She is therefore already known at BLG LOGISTICS and has extensive experience. We are therefore delighted that the Supervisory Board has appointed Ulrike Riedel for five years rather than the customary three years for a first appointment.

The former Chief Financial Officer, Jens Bieniek (originally appointed until May 31, 2021), resigned as a member of the Board of Management with effect from December 11, 2020. He was replaced by Christine Hein, who was appointed as a member of the Board of Management with effect from November 1, 2020.

At its meeting on September 17, 2020, the Supervisory Board decided to extend the contract with Michael Blach for five years. He is now appointed until May 31, 2026.

The relevant legal provisions for appointment and dismissal of members of the Board of Management are Sections 84, 85 AktG. Sections 133, 179 AktG as well as Section 15 of the Articles of Incorporation apply to amendments to the Articles of Incorporation.

Equal participation in management positions

Within the framework of the German Act for Equal Participation of Women and Men in Management Positions in the Private Sector and in the Public Sector, the Board of Management set targets for increasing the proportion of women in the first two tiers of management below the Board of Management. In view of the fact that BLG AG does not have any employees of its own apart from the Board of Management, a target of 0 percent was established. This ratio is to be maintained until June 30, 2022.

Long-term succession planning and age limit

The Supervisory Board, together with the Board of Management, is responsible for long-term succession planning for appointments to the Board of Management. BLG AG aims to fill Board of Management positions with candidates from within the company. The Board of Management is tasked with proposing a sufficient number of suitable candidates to the Supervisory Board.

The long-term succession planning of BLG AG takes the corporate strategy into account. It is based on systematic management development with the following key elements:

- Early identification of suitable candidates from different departments and of different nationalities and gender
- Systematic development of managers through successful assumption of tasks with increasing responsibility, preferably in different businesses, regions and functions
- Substantiated successful strategic and operational creative drive and strong leadership, especially under challenging business conditions
- Leading by example in the implementation of our corporate values

This is intended to enable the Supervisory Board to ensure sufficient diversity with regard to professional training and experience, cultural background, internationality, gender and age when making appointments to the Board of Management and that this is in line with our diversity concept. Notwithstanding these individual criteria, the Supervisory Board is convinced that ultimately only a holistic assessment of an individual's personality can be decisive for an appointment to the Board of Management of BLG AG.

The standard age limit for members of the Board of Management is based on reaching the age of 65.

In its current composition, the Supervisory Board complies with the profile of skills and expertise and the requirements of the diversity profile.

The Supervisory Board

The Supervisory Board of BLG AG advises and monitors the Board of Management in the management of the company. It appoints and dismisses the members of the Board of Management, decides on the remuneration system for the members of the Board of Management and determines their total remuneration. The Supervisory Board is involved in strategy and planning as well as in all matters of material importance for the company. Furthermore, the Supervisory Board of BLG AG also reviews the contents of the non-financial report.

Diversity

In accordance with the Code, the Supervisory Board takes diversity (see above) into account when appointing the Board of Management. The proportion of women on the Board of Management as of December 31, 2020 was 50.0 percent (equal representation) and therefore clearly surpassed the intended target of 16.7 percent. This ratio is to be maintained until June 30, 2022.

The statutory provisions of the gender quota are applied to the Supervisory Board itself. The Supervisory Board has established a target of 30 percent for itself. At BLG, the minimum quota must be met separately by both the shareholder members and the employee members (separate fulfillment). Therefore, at least four women must be represented on the Supervisory Board. This ratio is to be maintained until June 30, 2022. There were five women on the Supervisory Board as of December 31, 2020. Thus the intended target was surpassed.

Profile of skills and expertise

At its meeting on February 23, 2018, the Supervisory Board defined a profile of skills and expertise that was taken into account in the last election to the Supervisory Board (May 2018). The profile ensures that, based on their knowledge, skills and experience, the proposed candidates for election to the Supervisory Board are able to perform the duties of a Supervisory Board member in an international company and to maintain the reputation of BLG LOGISTICS in the public eye. Particular attention is paid to the personality, integrity, motivation and professionalism of the candidates.

The aim of the profile of skills and expertise is to ensure that the Supervisory Board as a whole has all the knowledge and experience that is considered essential in view of the activities of BLG LOGISTICS. This includes knowledge and experience in the areas of management/human resources (incl. diversity concept), accounting/controlling/risk management, technology/IT/digitalization (incl. IT security), ports/logistics and legal/governance (incl. compliance). In addition, the Supervisory Board shall have knowledge and experience from the business areas important to BLG LOGISTICS. The members of the Supervisory Board shall be generally familiar with the sector in which BLG LOGISTICS operates. At least one independent member of the Supervisory Board shall have expertise in the areas of accounting and auditing as well as special knowledge and experience in the application of accounting principles and internal control procedures.

Currently, the members of the Supervisory Board cover all defined skills and areas of professional expertise. In the event of a forthcoming replacement on the Supervisory Board, it must be examined in each case which area of knowledge shall be strengthened in the Supervisory Board.

Independence/age limit

The Supervisory Board shall include an appropriate number of independent members. Material conflicts of interest involving a Supervisory Board member that are not merely temporary, for example due to board functions or advisory roles for major competitors of the company, shall be avoided. In its rules of procedure, the Supervisory Board has determined that the Supervisory Board shall be composed in such a way that there are at least five independent shareholder representatives as defined in Section C.7 of the Code.

No more than two former members of the Board of Management shall be members of the Supervisory Board. The members of the Supervisory Board must have sufficient time available to exercise their mandate and discharge their duties with due regularity and care.

In compliance with the age limit laid down by the Supervisory Board in the rules of procedure, as a rule only persons who are not older than 70 years may be proposed for election as members of the Supervisory Board. The aim is to ensure that the Supervisory Board has an appropriate experience and age structure.

In the opinion of the Supervisory Board, the following shareholder representatives on the Supervisory Board are currently to be regarded as independent in accordance with the Code: Dr. Klaus Meier, Heiner Dettmer, Wybcke Meier, Dr. Tim Nesemann and Dr. Patrick Wendisch. In the opinion of the Supervisory Board, the fact that Dr. Patrick Wendisch has been a member of the Supervisory Board for over 12 years does not conflict with the assessment of independence.

Self-assessment of effectiveness

The Supervisory Board assesses, at regular intervals, how effectively the Supervisory Board as a whole and its committees individually fulfill their tasks. The results are discussed in depth by the Supervisory Board and, where appropriate, necessary action is taken. The next self-assessment is planned for 2021. No explicit examination was undertaken in the reporting year. There were no indications of significant deficits.

Composition of the Supervisory Board

The Supervisory Board is composed of 16 members. Half of the members of the Supervisory Board are elected by the shareholders at the Annual General Meeting. The other half of the Supervisory Board consists of the members elected by the employees in accordance with the provisions of the German Co-Determination Act.

The composition of the Supervisory Board changed as follows compared with December 31, 2019:

Martin Günthner resigned as a member of the Supervisory Board with effect from November 30, 2019. He was replaced by Dr. Claudia Schilling. Dr. Claudia Schilling was appointed as a member of the Supervisory Board by court order of the District Court of Bremen on January 13, 2020.

Karoline Linnert resigned as a member of the Supervisory Board with effect from November 30, 2019. She was replaced by Dietmar Strehl. Dietmar Strehl was appointed as a member of the Supervisory Board by court order of the District Court of Bremen on January 13, 2020.

Stefan Schubert resigned as a member of the Supervisory Board with effect from December 31, 2019. He was replaced by Vera Visser. Vera Visser was appointed as a member of the Supervisory Board by court order of the District Court of Bremen on January 24, 2020.

Dieter Strerath resigned as a member of the Supervisory Board with effect from June 30, 2020. He was replaced by Beate Pernak with effect from July 1, 2020. Beate Pernak was appointed as a substitute member in 2018.

No former members of the Board of Management of BLG AG are represented on the Supervisory Board.

Details of duration of service and membership on committees are shown in the following table.

Further information on functions and mandates is listed in the overview in the notes.

The CVs of the members of the Supervisory Board as well as the rules of procedure are published on our website: *www.blg-logistics.com/de/unternehmen/vorstand/aufsichtsrat*

Members of the Supervisory Board 2020	**Member since**	left	Human Resources Committee	Audit Committee	Investment Committee	Mediation Committee
Dr. Klaus Meier	05/2012		Chairman		Chairman	Chairman
Christine Behle	05/2013		Vice Chairwoman		Member	Vice Chairwoman
Sonja Berndt	05/2018		from 9/17/2020	until 9/17/2020	Member	from 9/17/2020
Karl-Heinz Dammann	07/2009		Member			until 12/31/2020
Heiner Dettmer	05/2018		Member			
Melf Grantz	03/2011		Member			until 12/31/2020
Udo Klöpping	05/2018					
Wybcke Meier	05/2018					
Dr. Tim Nesemann	04/2011			Member		
Beate Pernak	07/2020			from 9/17/2020	from 9/17/2020	
Klaus Pollok	06/2016		Member			until 12/31/2020
Dr. Claudia Schilling	01/2020		from 1/13/2020		from 1/13/2020	01/13 until 12/31/2020
Dietmar Strehl	01/2020			from 1/13/2020	from 1/13/2020	from 01/01/2021
Dieter Strerath	03/2011	06/2020	until 06/30/2020		until 06/30/2020	until 06/30/2020
Reiner Thau	10/2013			Member		
Vera Visser	01/2020			from 02/27/2020		
Dr. Patrick Wendisch	06/2008			Chairman		until 12/31/2020

Committees of the Supervisory Board

In addition to the Mediation Committee that it is required to form in accordance with Section 27 (3) of the German Co-Determination Act, the Supervisory Board formed an Audit Committee, a Human Resources Committee and an Investment Committee. The members of the committees set up by the Supervisory Board are listed in the table.

Human Resources Committee

- Prepares personnel decisions
- Decides on the employment contracts with members of the Board of Management in lieu of the full Supervisory Board
- Suggests suitable candidates for the election of the Supervisory Board members representing the shareholders for the Supervisory Board's nominations to the Annual General Meeting
- Performs the tasks of a Nomination Committee
- Provides advice on long-term succession planning for the Board of Management

The Human Resources Committee has equal representation and is composed of the Chairman of the Supervisory Board, the Vice Chairwoman and six other members of the Supervisory Board.

Audit Committee

- Checks the accounting process
- Responsibly carries out the selection and tendering process for the statutory auditor
- Commissions and controls auditing and consulting services (incl. determining the remuneration for the auditor)
- Deals with matters relating to the company's accounting
- Reviews the annual financial statements and management report prepared by the Board of Management and the proposal for the appropriation of the net retained profits of BLG AG and reviews the financial statements for the purpose of complying with the duty to prepare consolidated financial statements of BLG AG and the consolidated financial statements and group management report of BLG LOGISTICS (incl. proposal for approval by the Supervisory Board)
- Monitors the independence, qualification, rotation, quality and efficiency of the auditor
- Prepares decisions made by the Supervisory Board on planning for the following financial year, including earnings, statement of financial position, financial and investment planning
- Works in the areas of internal control system, risk management and control, and compliance

The Audit Committee is composed of three representatives of the shareholders and three employee representatives. The Chairman of the Audit Committee holding office in the reporting year complies with the statutory requirements in terms of independence and expertise in the fields of accounting and auditing that a member of the Supervisory Board and of the Audit Committee has to meet. This committee meets regularly twice a year.

Investment Committee

- Makes preparatory decisions and resolutions for specifically defined and urgent investment projects

The Investment Committee has six members, three of them representatives of the shareholders and three employee representatives of the Supervisory Board. The committee is chaired by the Chairman of the Supervisory Board. The committee meets according to need.

Mediation Committee

- Performs the tasks pursuant to Section 27 (3) of the German Co-Determination Act

To perform its duties in accordance with Section 27 (3) of the German Co-Determination Act, the Supervisory Board forms a Mediation Committee comprising the Chairman of the Supervisory Board, the Vice Chair, as well as three Supervisory Board members representing the employees and three Supervisory Board members representing the shareholders, elected in each case by a majority of the votes cast.

Director's dealings

According to Article 19 of the EU Market Abuse Regulation, members of the Board of Management, the first tier of management and the Supervisory Board are required as a matter of principle to report and disclose their own transactions with shares of BLG AG or related financial instruments.

The shareholdings of these persons amount to less than 1 percent of the shares issued by BLG AG. There were no purchases and sales requiring disclosure during the reporting year.

Takeover-related disclosures in accordance with Section 315a (1) HGB

Composition of the subscribed capital, voting rights and transfer of shares of BLG AG
The subscribed capital amounts to EUR 9,984,000.00 and is divided into 3,840,000 no-par value registered shares with voting rights. Transfer of the shares requires the approval of the company in accordance with Section 5 of the Articles of Incorporation.

Each share is accorded one vote. The Board of Management of BLG AG is not aware of any restrictions or agreements between shareholders affecting voting rights. There is no maximum limit for a shareholder's voting rights and there are no special voting rights. In particular there are no shares with special rights that confer controlling powers. This means the principle of "one share, one vote" is implemented in full.

The shareholders exercise their co-administration and control rights at the Annual General Meeting. Section 19 of the Articles of Incorporation stipulates what requirements have to be met in order to participate in the Annual General Meeting as a shareholder and exercise voting rights. Only persons who are entered in the share register are regarded as shareholders of the company.

Every shareholder entered in the share register has the right to take part in the Annual General Meeting, take the floor there regarding the respective items on the agenda and request information on company matters to the extent this is necessary for proper evaluation of an item on the agenda. The Annual General Meeting passes resolutions primarily on formal approval of the Board of Management and Supervisory Board, appropriation of net retained profits, capital measures, authorization for stock buybacks, and amendments of the Articles of Incorporation.

Shares in capital that exceed 10 percent of the voting rights
Shareholders whose share in the share capital exceeds 10 percent are the Free Hanseatic City of Bremen (municipality) (50.4 percent), Panta Re AG, Bremen (12.6 percent), and Finanzholding der Sparkasse in Bremen, Bremen (12.6 percent).

System of control of any employee share scheme where the control rights are not exercised directly by the employees
BLG AG has not introduced any employee share schemes. To the extent that employees hold shares, they are not subject to any system of voting rights control. These shares represent insignificant portions of the company capital.

Appointment and dismissal of Board of Management members and amendment of the Articles of Incorporation
Please refer to the remarks above in the Corporate governance statement.

Powers of the Board of Management to issue or buy back shares
The Board of Management is currently not authorized by the Annual General Meeting to issue or buy back shares.

Significant agreements subject to the condition of a change of control following a takeover bid and compensation agreements made by the company with members of the Board of Management or employees for the event of a takeover bid
Agreements on the part of the company subject to the condition of a change of control following a takeover bid have not been made.

No compensation agreements were made by the company with members of the Board of Management or employees for the event of a takeover bid.

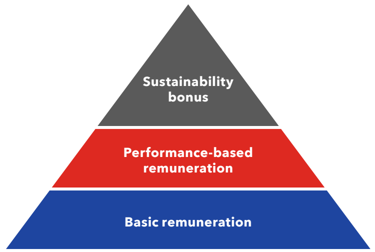
Remuneration Report

Remuneration of the Board of Management

At the proposal of the Human Resources Committee, the Supervisory Board deliberates and decides on the remuneration system for the Board of Management, including the significant contractual elements, and reviews it regularly. The criteria for the appropriateness of the remuneration of the Board of Management include the duties of the respective member of the Board of Management, the economic and financial situation, the size and global alignment of the company as well as sustainable corporate development. The remuneration is to be determined such that it is competitive in international and national comparison and thus offers an incentive for committed and successful work. The Human Resources Committee regularly reviews whether the remuneration of the Board of Management is appropriate, while taking into account the earnings, sector and future prospects of the company.

Due to the new recommendations of the Code, a revision of the remuneration system for the Board of Management is necessary. This is currently being undertaken and will be submitted for approval to the Annual General Meeting on June 2, 2021.

The following remarks are based on the remuneration system in place since January 1, 2015:



The total remuneration of the members of the Board of Management consists of basic remuneration, a three-year EBT incentive and a sustainability bonus.

The basic remuneration is paid on a proportionate monthly basis as non-performance-based remuneration. Furthermore, the remuneration rules for the members of the Board of Management provide for customary fringe benefits, such as provision of a company car and allowances for a preventive health care examination. Members of the Board of Management additionally receive remuneration for Supervisory Board activities at Group companies.

The three-year EBT incentive is based on an individual participation in earnings of the respective member of the Board of Management measured against the average EBT (Group earnings before income taxes) for the financial year and the two preceding financial years. The Chairman of the Board of Management has a 1.0875 percent share in the average EBT, while the remaining members of the Board of Management have a share of 0.725 percent. The Supervisory Board has the possibility to adjust the participation rate on the recommendation of the Human Resources Committee.

The sustainability bonus is calculated on the basis of the current financial year and the next two financial years. The target bonus is EUR 100,000 for the Chairman of the Board of Management and EUR 66,700 for the other members of the Board of Management. The assessment is made by comparing the planned average EBT over the three years with the actual average EBT (target achievement). A threshold of at least 90 percent of the target must be achieved. The maximum degree of target achievement is 110 percent. If between 90 percent and 100 percent of the target is achieved, between 75 percent and 100 percent of the target bonus is granted; if between 100 percent and 110 percent of the target is achieved, between 100 percent and 150 percent of the target bonus is granted. If the threshold is reached, the payment is made in the financial year following the last plan year. New members of the Board of Management are paid the sustainability bonus for the first time after a three-year blocking period.
Contracts concluded with the Board of Management as of January 1, 2011 provide for severance pay in the amount of no more than two years' remuneration in the case of early termination of the position on the Board of Management without good cause. If the remaining term of the contract is less than two years, the severance pay must be calculated pro rata temporis. The amount of the severance pay is determined as a matter of principle according to the sum of the fixed remuneration and variable remuneration components excluding remuneration in kind and other fringe benefits for the last full financial year prior to the end of the employment

contract. No general compensation agreements were made for the case of early termination of the position on the Board of Management.

Jens Bieniek resigned as a member of the Board of Management on December 11, 2020 and has been released from his duties with effect from December 12, 2020. In accordance with the terms of the severance agreement, he continues to receive his fixed remuneration until the end of his originally appointed term on May 31, 2021. Entitlements to variable remuneration components were compensated by a lump-sum payment of EUR 80,000 at the beginning of 2021.

On the basis of contractual agreements, Michael Blach received a retroactive payment in the 2020 financial year in the amount of EUR 174,000 for underpaid variable remuneration for the years 2017 until 2019.

Due to the earnings situation, which was significantly impacted by the coronavirus pandemic, there were no further variable remuneration components in the 2020 financial year.

Since Ulrike Riedel was at the same time employed by EUROGATE GmbH & Co. KGaA, KG in the period from July 1 until December 31, 2020, EUROGATE GmbH & Co. KGaA, KG made a reimbursement to BLG KG in the amount of 50 percent of Ulrike Riedel's salary.

The following tables show the benefits granted to each member of the Board of Management for the 2019 and 2020 financial years, including fringe benefits, supplemented in the case of variable remuneration components by the maximum and minimum remuneration achievable.

Benefits granted	**Frank Dreeke** CEO & Chairman of the Board of Management Date of joining: 01/01/2013 (Chairman since 06/01/2013)				**Jens Bieniek** Member of the Board of Management Date of joining: 06/01/2013 Date of leaving: 12/11/2020				**Michael Blach[1]** Member of the Board of Management Date of joining: 06/01/2013				**Andrea Eck** Member of the Board of Management Date of joining: 01/01/2017			
EUR thousand	2019	**2020**	2020 (min.)	2020 (max.)	2019	**2020**	2020 (min.)	2020 (max.)	2019	**2020**	2020 (min.)	2020 (max.)	2019	**2020**	2020 (min.)	2020 (max.)
Fixed remuneration	682	690	690	690	381	386	386	386	510	510	510	510	348	359	359	359
Fringe benefits	50	46	46	46	33	33	33	33	54	49	49	49	22	20	20	20
Total	**732**	**736**	**736**	**736**	**414**	**419**	**419**	**419**	**564**	**559**	**559**	**559**	**370**	**379**	**379**	**379**
Variable remuneration	394	0	0	450	262	0	0	300	102	174	0	174	262	0	0	300
Multi-year variable remuneration (sustainability bonus)	111	-100	0	150	74	-67	0	100	0	0	0	0	74	-67	0	100
Tranche 2017-2019 plus peak billing prev. year	45	0	0	0	30	0	0	0	0	0	0	0	30	0	0	0
Tranche 2018-2020 plus peak billing prev. year	33	-67	0	50	22	-45	0	34	0	0	0	0	22	-45	0	34
Tranche 2019-2021	33	-33	0	50	22	-22	0	33	0	0	0	0	22	-22	0	33
Tranche 2020-2022	0	0	0	50	0	0	0	33	0	0	0	0	0	0	0	33
Total	**1,237**	**636**	**736**	**1,336**	**750**	**352**	**419**	**819**	**666**	**733**	**559**	**733**	**706**	**312**	**379**	**779**
Employee benefit expenses (IAS 19)	144	955	175	175	70	772	88	88	88	928	107	107	321	762	0	0
Total remuneration	**1,381**	**1,591**	**911**	**1,511**	**820**	**1,124**	**507**	**907**	**754**	**1,661**	**666**	**840**	**1,027**	**1,074**	**379**	**779**

[1] Some amounts are reimbursed to BLG KG by EUROGATE GmbH & Co. KGaA, KG; the 2020 variable remuneration relates to payments for the 2017 to 2019 financial years

Benefits granted	Christine Hein Member of the Board of Management Date of joining: 11/01/2020				Ulrike Riedel Member of the Board of Management Date of joining: 07/01/2020				Dieter Schumacher† Member of the Board of Management Date of joining: 01/01/2016 Passed away on: 02/19/2020				Jens Wollesen Member of the Board of Management Date of joining: 07/01/2016			
EUR thousand	2019	**2020**	2020 (min.)	2020 (max.)	2019	**2020**	2020 (min.)	2020 (max.)	2019	**2020**	2020 (min.)	2020 (max.)	2019	**2020**	2020 (min.)	2020 (max.)
Fixed remuneration	0	55	55	55	0	165	165	165	355	60	0	0	355	359	359	359
Fringe benefits	0	2	2	2	0	4	4	4	31	5	0	0	25	26	26	26
Total	**0**	**57**	**57**	**57**	**0**	**169**	**169**	**169**	**386**	**65**	**0**	**0**	**380**	**385**	**385**	**385**
Variable remuneration	0	0	0	50	0	0	0	0	262	0	0	41	262	0	0	300
Multi-year variable remuneration (sustainability bonus)	0	0	0	6	0	0	0	0	74	-67	0	14	74	-67	0	100
Tranche 2017-2019 plus peak billing prev. year	0	0	0	0	0	0	0	0	30	0	0	0	30	0	0	0
Tranche 2018-2020 plus peak billing prev. year	0	0	0	0	0	0	0	0	22	-45	0	4	22	-45	0	34
Tranche 2019-2021	0	0	0	0	0	0	0	0	22	-22	0	5	22	-22	0	33
Tranche 2020-2022	0	0	0	6	0	0	0	0	0	0	0	5	0	0	0	33
Total	**0**	**57**	**57**	**113**	**0**	**169**	**169**	**169**	**722**	**-2**	**0**	**55**	**716**	**318**	**385**	**785**
Employee benefit expenses (IAS 19)	0	0	0	0	0	943	0	0	221	0	0	0	69	945	88	88
Total remuneration	**0**	**57**	**57**	**113**	**0**	**1,112**	**169**	**169**	**943**	**-2**	**0**	**55**	**785**	**1,263**	**473**	**873**

Since it is unlikely that the target threshold for the sustainability bonus for the tranches 2019 until 2021 and 2020 until 2022 will be reached due to the current earnings situation, no provision was recognized for this in the 2020 financial year. The previous grant (provision) for the tranches 2018 until 2020 and 2019 until 2021 was reversed accordingly and presented in the above tables as negative amounts.

The Board of Management already decided in the middle of the second quarter of 2020 to waive both the variable remuneration and the sustainability bonus due to the negative earnings trend in light of the pandemic.

Employee benefit expenses are presented in accordance with IAS 19 as this is the most appropriate presentation method.

On the back of the coronavirus pandemic, the Board of Management voluntarily waived 10 percent of its fixed remuneration in the period from April 1, 2020 until December 31, 2020. Therefore the disclosures relating to benefits granted and benefits received differ. The following tables show the benefits received for each member of the Board of Management in the 2019 and 2020 financial year, consisting of fixed remuneration, three-year EBT incentive and sustainability bonus with differentiation according to the respective reference years.

Benefits received	**Frank Dreeke** CEO & Chairman of the Board of Management Date of joining: 01/01/2013 (Chairman since 06/01/2013)		**Jens Bieniek** Member of the Board of Management Date of joining: 06/01/2013 Date of leaving: 12/11/2020		**Michael Blach** Member of the Board of Management Date of joining: 06/01/2013		**Andrea Eck** Member of the Board of Management Date of joining: 01/01/2017	
EUR thousand	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Fixed remuneration	638	682	357	381	473	510	332	348
Fringe benefits	46	50	33	33	54	54	20	22
Total	**684**	**732**	**390**	**414**	**527**	**564**	**352**	**370**
Variable remuneration	394	369	262	246	262	316	262	246
Multi-year variable remuneration (sustainability bonus)	112	129	74	86	0	29	74	0
Tranche 2016-2018 plus peak billing prev. year	0	129	0	86	0	29	0	0
Tranche 2017-2019 plus peak billing prev. year	112	0	74	0	0	0	74	0
Total	**1,190**	**1,230**	**726**	**746**	**789**	**909**	**688**	**616**
Employee benefit expenses (IAS 19)	955	144	772	70	928	88	762	0
Total remuneration	**2,145**	**1,374**	**1,498**	**816**	**1,717**	**997**	**1,450**	**616**

Benefits received	Christine Hein Member of the Board of Management Date of joining: 11/01/2020		Ulrike Riedel Member of the Board of Management Date of joining: 07/01/2020		Dieter Schumacher† Member of the Board of Management Date of joining: 01/01/2016 Passed away on: 02/19/2020		Jens Wollesen Member of the Board of Management Date of joining: 07/01/2016	
EUR thousand	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Fixed remuneration	50	0	149	0	60	355	332	355
Fringe benefits	2	0	4	0	5	31	26	25
Total	**52**	**0**	**153**	**0**	**65**	**386**	**358**	**380**
Variable remuneration	0	0	0	0	262	246	262	246
Multi-year variable remuneration (sustainability bonus)	0	0	0	0	74	86	74	71
Tranche 2016-2018 plus peak billing prev. year	0	0	0	0	0	86	0	71
Tranche 2017-2019 plus peak billing prev. year	0	0	0	0	74	0	74	0
Total	**52**	**0**	**153**	**0**	**401**	**718**	**694**	**697**
Employee benefit expenses (IAS 19)	0	0	943	0	0	221	945	69
Total remuneration	**52**	**0**	**1,096**	**0**	**401**	**939**	**1,639**	**766**

Some of the members of the Board of Management were granted pension entitlements, some of which are against companies of BLG LOGISTICS. For purposes of comparability these entitlements are disclosed here.

The current members of the Board of Management are fundamentally entitled to receive pension benefits after leaving the BLG Group, but not before reaching the age of 63.

New pension commitments were agreed for Messrs. Dreeke, Bieniek and Blach in December 2015 and for Messrs. Schumacher and Wollesen in February and September 2018, respectively. In addition, a new pension commitment was agreed for Andrea Eck in February 2019. On her joining the company on July 1, 2020, BLG LOGISTICS also assumed the pension obligations for Ulrike Riedel from EUROGATE GmbH & Co. KGaA, KG, Bremen. The pension commitments provide for a retirement and disability pension of 10 percent of the basic salary. They also provide for a survivor's pension of 60 percent of the agreed retirement pension. If a retirement pension is claimed before the age of 65, the pensions are reduced by 0.5 percentage points for each full month of early claim, but the maximum reduction is 18 percent. No waiting period is provided for.

In amendments dated January 2020, it was agreed with each individual member of the Board of Management that in the event of their leaving the company prematurely without a benefit event occurring, there would no longer be a pro rata reduction in the defined benefits if the vesting conditions were met.

Furthermore, it is possible for Board of Management members to acquire defined benefit pension commitments through deferred compensation.

As was the case in the previous year, members of the Board of Management had not been granted any loans or advance payments as of December 31, 2020. As in the previous year, no contingent liabilities were contracted for the benefit of the members of the Board of Management.

The pension entitlements of members of the Board of Management active as of December 31, 2020 are shown in the table.

Total remuneration of former members of the Board of Management
In the 2020 financial year, the former members of the Board of Management received total remuneration (in particular pension benefits) of EUR 191,000. The present value of pension obligations pursuant to IAS 19 for former members of the Board of Management totaled EUR 5,202,000 as of December 31, 2020.

Pension commitments (calculated as per IAS 19)	**Present value of pension obligation**		**Market value of reinsurance cover for pension commitments**	
EUR thousand	**12/31/2020**	12/31/2019	**12/31/2020**	12/31/2019
Frank Dreeke	**2,046**	**1,247**	**1,031**	**786**
of which BLG	2,046	1,247	1,031	786
of which third parties	0	0	0	0
Michael Blach	**1,601**	**769**	**326**	**258**
of which BLG	0	0	0	0
of which EUROGATE	1,601	769	326	258
Andrea Eck	**1,043**	**321**	**169**	**0**
of which BLG	1,043	321	169	0
of which third parties	0	0	0	0
Ulrike Riedel	**1,121**	**0**	**52**	**0**
of which BLG	1,121	0	52	0
of which third parties	0	0	0	0
Jens Wollesen	**1,184**	**273**	**160**	**86**
of which BLG	1,184	273	160	86
of which third parties	0	0	0	0
	6,995	**2,610**	**1,738**	**1,130**

Remuneration of the Supervisory Board

The remuneration of the Supervisory Board is stipulated in Section 17 of the Articles of Incorporation of BLG AG. On May 24, 2016, the Annual General Meeting approved an adjusted remuneration system for the Supervisory Board for activities from January 1, 2017, which provides for exclusively non-performance-based remuneration. Accordingly, each member of the Supervisory Board receives fixed annual remuneration of EUR 8,300.00. The Chairman of the Supervisory Board receives three times this remuneration, and the Vice Chairwoman as well as the Chairman of the Audit Committee and the Chairman of the Human Resources Committee, provided they are not Chairmen of the Supervisory Board at the same time, receive twice this remuneration. Members of the Supervisory Board who are on the Board for only part of the financial year receive remuneration pro rata temporis. In addition, EUR 1,000.00 is paid annually for membership of the Audit Committee or the Human Resources Committee.

The members of the Supervisory Board additionally receive EUR 500.00 per meeting, and any expenses going beyond that are refunded in the verified amount.

The remuneration of the members of the Supervisory Board in the 2020 financial year is shown in the table.

In the previous year, the Supervisory Board received remuneration totaling EUR 271,000, of which EUR 163,000 was attributable to fixed payments. The meeting allowances came to EUR 59,000, the remuneration for committee work EUR 14,000 and the remuneration for in-Group Supervisory Board seats EUR 35,000.

As of December 31, 2020, as in the previous year, members of the Supervisory Board had not been granted any loans or advance payments. There were no loan redemptions in the reporting year. As in the previous year,no contingent liabilities were contracted for the benefit of the members of the Supervisory Board. Travel expenses were reimbursed to the customary extent.

EUR thousand	Fixed remuneration	Committee work	Meeting allowance	Other[2]	**Total**
Dr. Klaus Meier	25	1	4	9	39
Christine Behle	17	1	4	0	22
Sonja Berndt	8	1	3	0	12
Karl-Heinz Dammann	8	1	4	9	22
Heiner Dettmer	8	1	4	0	13
Melf Grantz[1]	8	1	4	0	13
Udo Klöpping	8	0	2	0	10
Wybcke Meier	8	0	1	0	9
Dr. Tim Nesemann	8	1	3	0	12
Beate Pernak (from 07/01/2020)	5	0	1	0	6
Klaus Pollok	8	1	4	0	13
Dr. Claudia Schilling (from 01/13/2020)[1]	8	1	4	0	13
Dietmar Strehl (from 01/13/2020)[1]	8	1	3	9	21
Reiner Thau	8	1	3	9	21
Vera Visser (from 01/24/2020)	8	1	3	3	15
Dr. Patrick Wendisch	17	1	3	0	21
Members of the Supervisory Board who left in the 2020 reporting year:					
Dieter Strerath (until 06/30/2020)	5	1	2	0	8
	165	**14**	**52**	**39**	**270**

[1] In accordance with Section 5a of the Senate Act and Sections 6 and 6a of the Ordinance on secondary activities of the state parliament of Bremen, there is a requirement to surrender remuneration received for Supervisory Board work to the state.

[2] Supervisory mandates within the Group.

Annual Financial Statements BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-

The annual financial statements and management report of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-, Bremen, for the 2020 financial year have been prepared in accordance with the provisions of German commercial law and issued an unqualified auditor's report by our auditor, PricewaterhouseCoopers GmbH, Wirtschaftsprüfungsgesellschaft, Bremen. The information presented below is partly in condensed form.

Income Statement

EUR thousand	**2020**	2019
1. Remuneration of BLG LOGISTICS GROUP AG & Co. KG	1,303	1,826
2. Other operating income	7,888	6,191
	9,191	**8,017**
3. Personnel expenses		
a) Wages and salaries	-2,631	-4,483
b) Social security, post-employment and other employee benefit costs	-4,274	-1,226
	-6,905	**-5,709**
4. Other operating expenses	-1,566	-1,206
5. Other interest and similar income	673	679
6. Interest and similar expenses	-44	-32
7. Taxes on income of which from the recognition of deferred tax assets EUR 587,000 (previous year: EUR 104,000)	-232	-295
8. Earnings after taxes/net income for the year	**1,117**	**1,454**
9. Transfers to (previous year: withdrawals from) other revenue reserves	0	82
10. Net retained profits	**1,117**	**1,536**

Balance Sheet

EUR thousand Assets	12/31/2020	12/31/2019
A. Current assets		
I. Receivables and other assets		
1. Receivables from affiliated companies	24,733	24,621
2. Receivables from other long-term investees and investors	861	61
3. Other assets	0	1
	25,594	**24,683**
II. Bank balances	21	20
	25,615	**24,703**
B. Deferred tax assets	994	407
	26,609	**25,110**

EUR thousand Equity and Liabilities	12/31/2020	12/31/2019
A. Equity		
I. Subscribed capital	9,984	9,984
II. Revenue reserves		
1. Legal reserve	998	998
2. Other revenue reserves	8,424	8,424
	9,422	**9,422**
III. Net retained profits	1,117	1,536
	20,523	**20,942**
B. Provisions		
1. Provisions for pensions and similar obligations	4,293	1,172
2. Provisions for taxes	540	60
3. Other provisions	724	2,781
	5,557	**4,013**
C. Liabilities		
1. Trade payables	66	4
2. Other liabilities	463	151
	529	**155**
	26,609	**25,110**

Notes

Notes for the 2020 financial year

The registered office of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877- (BLG AG) is in Bremen. The company is entered in the register of the District Court of Bremen under the number HRB 4413.

General disclosures

The annual financial statements have been prepared in accordance with the provisions of Sections 242 ff. and 264 ff. of the German Commercial Code (HGB) and the relevant provisions of the German Stock Corporation Act (AktG).

The income statement was prepared according to the total cost (nature of expense) method (Section 275 (2) HGB).

To improve the clarity of the presentation, disclosures on entries relating to more than one item were made with explanatory notes on a separate line.

Disclosures on recognition and measurement

The following accounting policies and measurement principles were applied essentially unchanged for the preparation of the annual financial statements.

Receivables and other assets are reported at their nominal value. Credit risks are taken into account through recognition of specific loss allowances, wherever necessary.

Bank balances are recognized at their nominal value.

Pension provisions are measured according to the projected unit credit method using the 2018 G (previous year: 2018 G) mortality tables issued by Prof. Dr. Klaus Heubeck. The average market interest rate, which is calculated for an assumed residual term of 15 years, is used as a standard basis for discounting.

Reinsurance cover for pension provisions is recognized using the asset value of the overall claims reported by the insurance companies. In this respect, the asset value corresponds both to the amortized cost (receipts plus interest and surplus credits) and the fair value as of the balance sheet date.

In accordance with Section 246 (2) sentence 2 HGB, these are netted against the present value of the pension obligations under provisions for pensions and similar obligations.

The actuarial valuation was based on the following parameters:

Actuarial parameters	Pensions
Discount rate	2.3%
Expected development of salaries and wages	2.0%
Expected pension increases	2.0%

The provisions are recognized at the settlement amount necessary to cover all identifiable risks and uncertain liabilities on the basis of prudent business judgement.

Long-term provisions with a residual term of more than one year are discounted using the average market interest rate for matching maturities based on the past seven years, as published by the Deutsche Bundesbank. Long-term provisions for pension obligations with a residual term of more than one year are discounted using the average market interest rate for matching maturities based on the past ten years, as published by the Deutsche Bundesbank.

Liabilities are recognized at their settlement amounts.

Any differences between the carrying amounts of assets, liabilities, prepaid expenses and deferred income items according to commercial law and their tax carrying amounts that are expected to be reversed in later financial years are measured at the individual tax rates in the period in which the difference is reversed and the resulting tax burden or relief is recognized as deferred taxes.

The measurement of deferred tax assets depends on the estimation of the probability of the reversal of the measurement differences and the utilization of the loss carryforwards which resulted in deferred tax assets. This is dependent upon the generation of future taxable profits during the periods in which those tax measurement differences are reversed.

The option of recognizing deferred tax assets pursuant to Section 274 (1) sentence 2 HGB was applied.

Deferred taxes are netted and not discounted.

Balance sheet disclosures

Receivables and other assets

Receivables from affiliated companies were owed in full from BLG LOGISTICS GROUP AG & Co. KG, Bremen (BLG KG). EUR 5,227,000 (previous year: EUR 5,227,000) thereof constituted short-term loans. EUR 16,863,000 was attributable to receivables from cash management (previous year: EUR 17,101,000). Another EUR 2,644,000 (previous year: EUR 2,294,000) related to trade receivables.

As in the previous year, all receivables have a residual term of up to one year.

Equity

The share capital amounted to EUR 9,984,000.00 and was divided into 3,840,000 no-par value registered shares with voting rights. Transfer of the shares requires the approval of the company in accordance with Section 5 of the Articles of Incorporation.

Revenue reserves

The legal reserve is allocated in full in an amount of EUR 998,400.00.

In the 2020 financial year, no transfers to or withdrawals from other revenue reserves were made (previous year: withdrawal of EUR 82,000).

Existing revenue reserves fully covered the amounts blocked for distribution of EUR 1,365,000 (previous year: EUR 705,000) in accordance with Section 253 (6) HGB (difference relating to the recognition of pension obligations) as well as the amounts blocked for distribution of EUR 994,000 (previous year: EUR 407,000) in accordance with Section 268 (8) sentence 2 HGB (deferred tax assets).

Provisions for pensions and similar obligations

The provisions reported related to pension obligations for the members of the Board of Management.

The recognized net pension obligations break down as follows:

EUR thousand	12/31/2020
Settlement amount (present value) of pension obligation	9,813
Market value of reinsurance cover for pension commitments	-5,520
Net pension obligation	**4,293**

The amortized cost of reinsurance cover for pension commitments corresponded to its fair value.

The difference between the recognition of provisions for pension obligations based on the corresponding average market interest rate for the past ten financial years and the recognition of provisions for pension obligations based on the corresponding average market interest rate for the past seven financial years amounted to EUR 1,365,000.

Interest expenses and interest income from unwinding the discount were offset in the amount of EUR 148,000 (previous year: EUR 121,000).

For an explanation of the year-on-year increase, please refer to the note relating to personnel expenses.

Other provisions

Other provisions included EUR 241,000 (previous year: EUR 2,219,000) for the variable remuneration of the Board of Management.

In the reporting year, other provisions of EUR 303,000 (previous year: EUR 384,000) were recognized for costs in connection with the Annual General Meeting, the publication of the annual financial statements and the consolidated financial statements as well as the audit of the annual financial statements.

EUR 180,000 was set aside for fixed Supervisory Board remuneration (previous year: EUR 178,000).

Liabilities
As in the previous year, all liabilities have a residual term of up to one year.

EUR 446,000 of the other liabilities (previous year: EUR 131,000) related to taxes.

Deferred taxes
Deferred taxes were measured at a tax rate of 15.825 percent.

The deferred tax assets were mainly based on differences from pension provisions.

The option of recognizing excess deferred tax assets was applied.

Contingent liabilities
The company is the personally liable general partner of BLG KG. A capital contribution does not have to be paid in. Due to the company's equity base and the positive results expected for BLG KG in subsequent years, there was no identifiable risk of utilization.

Shareholdings
The list of shareholdings attributable to the company via its subsidiary BLG KG in accordance with Section 285 sentence 1 no. 11 HGB is part of the audited annual financial statements, which are published in the Federal Gazette.

A condensed list of the subsidiaries, joint ventures, associates and other equity investments included in the consolidated financial statements is contained in the "Further information" section.

Income statement disclosures

Remuneration from BLG KG
This item included the liability remuneration governed by the partnership agreement (EUR 1,047,000; previous year: EUR 1,061,000) and the remuneration (EUR 256,000, previous year: EUR 765,000) for the activities as general partner of BLG KG.

Other operating income
Other operating income breaks down as follows:

EUR thousand	2020	2019
Income from the reimbursement of pension obligations	4,270	1,213
Income from the recharging of Board of Management remuneration	2,772	4,646
Income from the reversal of provisions	483	3
Income from the recharging of Supervisory Board remuneration	233	236
Income from the recharging of expenses	52	16
Other	78	77
Total	**7,888**	**6,191**

Income from the reversal of provisions related to prior periods.

Personnel expenses
Personnel expenses related to the remuneration for the Board of Management. This item included EUR 174,000 (previous year: EUR 0) of prior-period expenses for retroactive payments of variable remuneration. These were reimbursed by BLG KG and were included in other operating income.

EUR 4,274,000 in social security, post-employment and other employee benefit costs related to pension costs (previous year: EUR 1,226,000).

The increase year on year resulted in the amount of EUR 3,340,000 from extraordinary expense and mainly related to an adjustment of the pension commitments under individual contracts. In amendments dated January 2020, it was agreed with each individual member of the

Board of Management that in the event of their leaving the company prematurely without a benefit event occurring, there would no longer be a pro rata reduction in the defined benefits if the vesting conditions were met.

Other operating expenses
Other operating expenses break down as follows:

EUR thousand	2020	2019
Administrative expenses	660	729
Expenses for reimbursement of variable remuneration	367	0
Remuneration for the Supervisory Board	233	236
Legal, advisory and audit fees	209	121
Other personnel expenses	96	119
Other	1	1
Total	**1,566**	**1,206**

Expenses for reimbursement of variable remuneration related to prior periods.

Other interest and similar income
As in the previous year, this item related in full to interest income from affiliated companies.

Interest and similar expenses
This item related in full to interest cost.

Other disclosures

Off-balance-sheet transactions
There were no transactions that were not contained in the balance sheet as of December 31, 2020.

Other financial liabilities
There were no other financial liabilities as of December 31, 2020.

Auditor fees
The total remuneration for the auditor's work in the 2020 financial year amounted to EUR 56,000, relating entirely to the audit of the financial statements of BLG AG.

Related party disclosures

Transactions with shareholders
Relationships with the Free Hanseatic City of Bremen (municipality)
As of December 31, 2020, the Free Hanseatic City of Bremen (municipality) was the majority shareholder of BLG AG with a 50.4 percent share of the subscribed capital. The Free Hanseatic City of Bremen (municipality) received a dividend as a result of the resolution on the appropriation of net retained profits for 2019.

Transactions with affiliated companies, joint ventures and associates
There were no transactions with affiliated companies, joint ventures and associates in the reporting year conducted other than on an arm's length basis.

Board of Management and Supervisory Board

Composition of the Supervisory Board
In accordance with the Articles of Incorporation, the Supervisory Board of BLG AG comprises 16 members, namely eight Supervisory Board members elected in accordance with the provisions of the German Stock Corporation Act (AktG) and eight Supervisory Board members representing the employees, who are elected in accordance with the provisions of the German Co-Determination Act (MitbestG).

The composition of the Supervisory Board and the memberships of the Supervisory Board members in other bodies in accordance with Section 125 (1) sentence 5 AktG are presented in ▸Annex 2 to the notes.

The composition of the Supervisory Board changed as follows compared with December 31, 2019:

Martin Günthner resigned as a member of the Supervisory Board with effect from November 30, 2019. He was replaced by Dr. Claudia Schilling. Dr. Claudia Schilling was appointed as a member of the Supervisory Board by court order of the District Court of Bremen on January 13, 2020.

Karoline Linnert resigned as a member of the Supervisory Board with effect from November 30, 2019. She was replaced by Dietmar Strehl. Dietmar Strehl was appointed as a member of the Supervisory Board by court order of the District Court of Bremen on January 13, 2020.

Stefan Schubert resigned as a member of the Supervisory Board with effect from December 31, 2019. He was replaced by Vera Visser. Vera Visser was appointed as a member of the Supervisory Board by court order of the District Court of Bremen on January 24, 2020.

Dieter Strerath resigned as a member of the Supervisory Board with effect from June 30, 2020. He was replaced by Beate Pernak with effect from July 1, 2020. Beate Pernak was appointed as a substitute member in 2018.

Composition of the Board of Management
The composition of the Board of Management and the memberships of the Board of Management members in other bodies in accordance with Section 125 (1) sentence 5 AktG are presented in Annex 3 to the notes.

The following changes were made to the composition of the Board of Management compared with December 31, 2019:

The former Industrial Relations Director, Dieter Schumacher (originally appointed until December 31, 2020), passed away on February 19, 2020. He has been succeeded as Industrial Relations Director by Ulrike Riedel, who was appointed with effect from July 1, 2020.

The former Chief Financial Officer, Jens Bieniek (originally appointed until May 31, 2021), resigned as a member of the Board of Management with effect from December 11, 2020. He was replaced by Christine Hein, who was appointed as a member of the Board of Management with effect from November 1, 2020.

At its meeting on September 17, 2020, the Supervisory Board decided to extend the contract with Michael Blach for five years. He is now appointed until May 31, 2026.

Transactions with the Board of Management and the Supervisory Board
Transactions with the Board of Management and Supervisory Board were limited to services rendered in connection with the Board positions and employment contracts and the remuneration paid for these services.

The members of the Supervisory Board received remuneration of EUR 270,000 in the 2020 financial year (previous year: EUR 271,000), of which EUR 165,000 (previous year: EUR 163,000) was attributable to fixed components. The meeting allowances came to EUR 52,000 (previous year: EUR 59,000), the remuneration for committee work to EUR 14,000 (previous year: EUR 14,000) and the remuneration for in-Group Supervisory Board seats to EUR 39,000 (previous year: EUR 35,000).

The members of the Supervisory Board representing the employees received EUR 31,000 (previous year: EUR 25,000) in contributions to statutory retirement plans in the reporting year.

As of December 31, 2020, as in the previous year, members of the Supervisory Board had not been granted any loans or advance payments. As in the previous year, no contingent liabilities were contracted for the benefit of the members of the Supervisory Board. Travel expenses were reimbursed to the customary extent.

For the 2020 financial year, the active members of the Board of Management received total remuneration of EUR 2,575,000 (previous year: EUR 4,797,000), of which non-performance-based remuneration accounted for EUR 2,769,000 (previous year: EUR 2,846,000) and performance-based remuneration for EUR -194,000 (previous year: EUR 1,951,000). Of the non-performance-based remuneration, EUR -368,000 (previous year: EUR 407,000) related to the sustainability bonus and EUR 174,000 (previous year: EUR 0) to retroactive payments for prior periods. Another EUR 5,305,000 (determined in accordance with IFRSs; previous year: EUR 913,000) was granted in employee benefit expenses.

On the back of the coronavirus pandemic, the Board of Management voluntarily waived 10 percent of its fixed remuneration in the period from April 1, 2020 until December 31, 2020. The fixed remuneration received in the 2020 financial year is therefore lower than the fixed remuneration granted. The Board of Management already decided in the middle of the second quarter of 2020 to waive both the variable remuneration and the sustainability bonus due to the negative earnings trend in light of the pandemic.

The members of the Board of Management were granted pension entitlements, some of which are against companies of the BLG Group. Otherwise, the entitlements are against related parties. Pension obligations toward former Board of Management members are likewise obligations against related parties.

As of December 31, 2020, the present value of pension obligations for active members of the Board of

Management amounted to EUR 6,995,000 (previous year: EUR 2,610,000). This is offset by a market value for reinsurance cover for pension commitments of EUR 1,738,000 (previous year: EUR 1,130,000) (in each case determined in accordance with IAS 19).

The pension commitments provide for a retirement and disability pension of 10 percent of the basic salary. They also provide for a survivor's pension of 60 percent of the agreed retirement pension. If a retirement pension is claimed before the age of 65, the pensions are reduced by 0.5 percentage points for each full month of early claim, but the maximum reduction is 18 percent. No waiting period is provided for.

In amendments dated January 2020, it was agreed with each individual member of the Board of Management that in the event of their leaving the company prematurely without a benefit event occurring, there would no longer be a pro rata reduction in the defined benefits if the vesting conditions were met.

Further information and remarks concerning the individual remuneration of the Board of Management and Supervisory Board members can be found in the "Remuneration report" section of the management report.

In the 2020 financial year, the former members of the Board of Management received total remuneration (in particular pension benefits) of EUR 191,000. The present value of pension obligations pursuant to IAS 19 for former members of the Board of Management totaled EUR 5,202,000 as of December 31, 2020.

As was the case in the previous year, members of the Board of Management had not been granted any loans or advance payments as of December 31, 2020. As in the previous year, no contingent liabilities were contracted for the benefit of the members of the Board of Management.

The Supervisory Board and Board of Management remuneration systems are presented in the "Remuneration report" section of the management report.

Director's dealings

According to Article 19 of the EU Market Abuse Regulation, members of the Board of Management, the first tier of management and the Supervisory Board are required as a matter of principle to disclose their own transactions with shares of BLG AG or related financial instruments.

The shareholdings of these persons amount to less than 1 percent of the shares issued by the company. There were no purchases and sales requiring disclosure during the reporting year.

Voting rights notifications

The following voting rights notifications from direct or indirect investments in the capital of BLG AG were reported to the Board of Management of BLG AG:

On February 7, 2019, the Free Hanseatic City of Bremen (municipality) notified us pursuant to Section 33 (1) of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) that its share of voting rights in BLG AG amounted to 50.42 percent (corresponding to 1,936,000 voting rights) as of January 31, 2019.

On February 7, 2019, Peter Hoffmeyer notified us pursuant to Section 33 (1) WpHG that the voting rights share of Panta Re AG, Bremen, in BLG AG exceeded the threshold of 10 percent on January 31, 2019, and at that time amounted to 12.61 percent (corresponding to 484,032 voting rights). All voting rights are attributable to Peter Hoffmeyer pursuant to Section 34 (1) sentence 1 no. 1 WpHG.

On November 18, 2016, the Waldemar Koch Foundation, Bremen, notified us pursuant to Section 21 (1) WpHG (old version) that its share of voting rights in BLG AG exceeded the threshold of 5 percent on November 15, 2016, and at that time amounted to 5.23 percent (corresponding to 200,814 voting rights).

On April 8, 2002, Finanzholding der Sparkasse in Bremen, Bremen, notified us pursuant to Section 41 (2) sentence 1 WpHG (old version) that its share of voting rights in BLG AG amounted to 12.61 percent (corresponding to 484,032 voting rights) on April 1, 2002.

Further details are published on our website at *www.blg-logistics.com/en/investor-relations/share*.

Proposal on the appropriation of net profit

The Board of Management and Supervisory Board will submit the following proposal on the appropriation of the net retained profits of BLG AG for the 2020 financial year in the amount of EUR 1,117,000 to the Annual General Meeting on Wednesday, June 2, 2021:

An amount of EUR 422,000 for distribution of a dividend of EUR 0.11 per no-par value registered share, with the remaining sum of EUR 695,000 to be transferred to other revenue reserves.

Consolidated financial statements
The company, together with BLG KG as the joint parent enterprise, prepared consolidated financial statements as of December 31, 2020 in accordance with IFRSs, as adopted by the European Union, as well as the additionally applicable provisions of German commercial law as set forth in Section 315e (3) HGB in conjunction with Section 315e (1) HGB. Furthermore, it has prepared financial statements for the purpose of complying with the duty to prepare consolidated financial statements (in accordance with Section 315e HGB). Both sets of financial statements are published in the Federal Gazette and are available at the headquarters of the company in Bremen.

German Corporate Governance Code
The 20th declaration of compliance with the German Corporate Governance Code as amended on December 16, 2019 was issued by the Board of Management on August 31, 2020 and by the Supervisory Board of BLG AG on September 17, 2020. The declaration has been made permanently available on our website: ➚ *www.blg-logistics.com/en/investor-relations*.

Report on post-balance sheet date events
No events of particular significance for the net assets, financial position and results of operations as of December 31, 2020 occurred between the end of the financial year and the preparation of the annual financial statements pursuant to Section 315e HGB on March 30, 2021.

Bremen, March 30, 2021

BREMER LAGERHAUS-GESELLSCHAFT
-Aktiengesellschaft von 1877-

THE BOARD OF MANAGEMENT

Management Report

Fundamental information about the company

BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-, Bremen (BLG AG), a listed company, is the sole personally liable general partner of BLG LOGISTICS GROUP AG & Co. KG, Bremen (BLG KG). In this function, the company has assumed the management of BLG KG. BLG AG maintains a branch office in Bremerhaven.

BLG AG does not hold any share capital in BLG KG and is also not entitled to participate in the company's profits. All limited partnership shares of BLG KG are held by the Free Hanseatic City of Bremen (municipality). BLG AG receives remuneration for the liability it has assumed and for its company management activities. The business of BLG KG is managed by the Board of Management of BLG AG as a body of the general partner. The Board of Management is fully accountable for managing the business in accordance with Section 76 (1) of the German Stock Corporation Act (AktG) and is not subject to instructions from the shareholders.

For the liability it has assumed, BLG AG receives remuneration from BLG KG in the amount of 5 percent of the equity reported in the annual financial statements for the respective previous year in accordance with Sections 266 ff. of the German Commercial Code (HGB). This liability remuneration must be paid regardless of BLG KG's net income for the year. For its management activities, BLG AG receives remuneration in the amount of 5 percent of the net income of BLG KG prior to deduction of this remuneration. The remuneration amounts to a minimum of EUR 256,000 and a maximum of EUR 2,500,000. In addition, expenses directly incurred by BLG AG in connection with management activities at BLG KG are reimbursed by the latter. Further information on transactions with affiliated companies and related parties can be found in the notes to the financial statements.

Non-financial report

In accordance with the provisions of the Act to Strengthen Non-Financial Reporting by Companies in their Management Reports and Group Reports (CSR Directive Implementation Act), BLG LOGISTICS has prepared a non-financial Group statement in accordance with Section 315b HGB since the 2017 financial year. This statement is integrated into the sustainability report as a separate non-financial report, which can be downloaded from reporting.blg-logistics.com.

Report on economic position

Report on net assets, financial position and results of operations

In accordance with its corporate function, BLG AG lent all financial facilities available to it to BLG KG for proportionate financing of the working capital necessary for performing its services. This essentially takes place via the central cash management of BLG KG, in which BLG AG is included. The interest on the funds provided is based on unchanged conditions.

In the reporting year, BLG AG received liability remuneration (EUR 1,047,000; previous year: EUR 1,061,000) and remuneration for management activities (EUR 256,000; previous year: EUR 765,000) from BLG KG.

Earnings per share of EUR 0.29

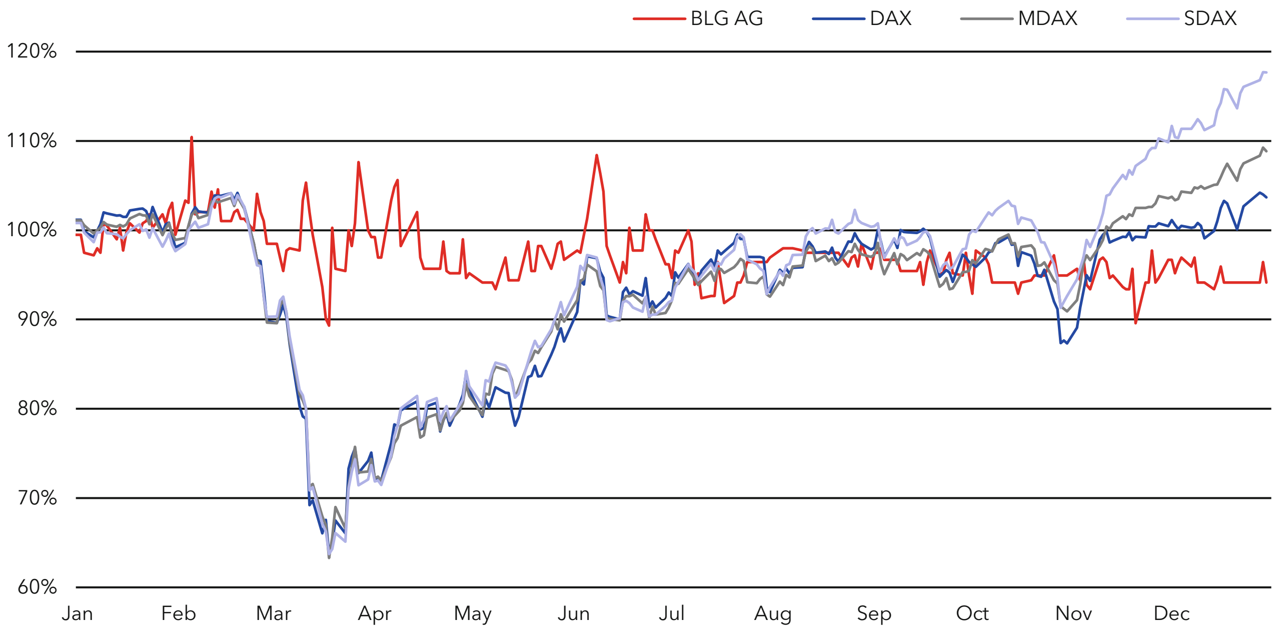
The earnings per share are calculated by dividing the net income for the year by the average number of shares outstanding during the financial year. Unchanged from the previous year, there were 3,840,000 registered shares outstanding during the 2020 financial year. Earnings before taxes were down significantly year on year by EUR 401,000 in the 2020 financial year. This is primarily attributable to the lower earnings of BLG KG due to the coronavirus crisis, and the lower remuneration of the Board of Management compared with the previous year at the minimum level of remuneration (2020: EUR 256,000; 2019: EUR 765,000). Higher expenses for publication and for verifying the requirements of the European Single Electronic Format (ESEF) were compensated by the lower expenses incurred as a result of holding the Annual General Meeting virtually. An adjustment of pension obligations resulted in increased personnel expenses, which were reimbursed by BLG KG (other operating income). Resulting exceptional tax-related factors affecting corporation tax and deferred tax assets largely offset each other. In line with the adjustments to pension obligations, these increased significantly on the liabilities side of the statement of financial position. See also the remarks in the "Remuneration report" section.

The BLG share

Markets defy coronavirus
The uncertain outcome of Brexit, fears of recession, and not least the trade war between the US and China did not provide good stock market conditions from the outset of 2020. These were eclipsed by the COVID-19 pandemic that emerged in the spring, causing the stock markets to record a roller-coaster year. In mid-March the German DAX experienced the fastest crash in its history, tumbling by over 5,000 points in a matter of just a few weeks. Yet despite this, Germany's benchmark index bounced back just as quickly and since bottoming out in mid-March has gained over 60 percent. While at year's end 2020 the German economy risked slipping into a second coronavirus-induced recession, shortly after Christmas the DAX recorded a new all-time high.

The loose monetary policy of the central banks, COVID-relief packages worth billions made available by many governments and not least the approval of coronavirus vaccines fueled hope and gave the stock markets their best November in a long time. Following the massive downturns in 2020, experts predict that 2021 could see an increasing return to a familiar pattern of consumption and lifestyle and that it could be a year of recovery. In this environment, the German economy shrank in 2020 by around 5 percent. The DAX grew by 3.7 percent and closed the year with 13,719 points.

Performance of BLG share relative to benchmarks



BLG share[1] falls 5.9 percent
After opening the 2020 financial year at EUR 13.10, the BLG share initially moved sideways in line with the major German indices. The highest closing price of the year was EUR 14.47 on February 5, 2020, before the wide-scale onset of the coronavirus crisis. In March, the share price fell significantly less than the major German indices. In the further course of the year, the share price essentially moved sideways, with the level mostly hovering below the opening price. Due to the share's low trading volume, even a small number of transactions can affect the price. The BLG share fell by a total of 5.9 percent in the reporting year and was thus below the general market level (DAX +3.7 percent, MDAX +8.8 percent, SDAX +17.7 percent). On the basis of the annual closing price of EUR 12.33 on December 30, 2020, market capitalization amounted to EUR 47.3 million.

[1] All market prices of BLG AG in this management report indicated as average on the listed stock exchanges.

BLG share reference data

ISIN	DE0005261606
WKN	526160
Ticker symbol	BLH
Share capital	EUR 9,984,000
Authorized capital	3,840,000 shares
Class	No-par value registered shares
Listed in:	Berlin, Hamburg, Frankfurt

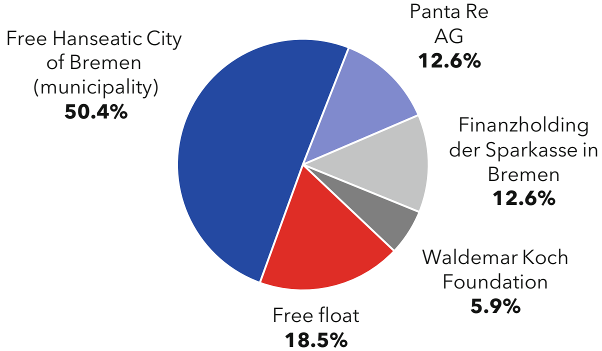
		2020	2019	2018	2017	2016
Earnings per share	EUR	0.29	0.38	0.66	0.60	0.45
Dividend per share	EUR	0.11	0.40	0.45	0.40	0.40
Dividend	Percent	4.2	15.4	17.3	15.4	15.4
Dividend yield	Percent	0.9	3.1	3.8	2.8	2.1
Share price at year-end	EUR	12.33	12.97	11.87	14.49	19.27
High	EUR	14.47	14.10	15.10	19.27	20.10
Low	EUR	11.70	11.93	11.13	12.87	13.59
Distribution amount	EUR thousand	422	1,536	1,728	1,536	1,536
Distribution ratio	Percent	37.8	105.6	68.0	66.3	89.5
Price/earnings ratio		42.4	34.3	17.9	24.0	42.8
Market capitalization	EUR million	47.3	49.8	45.6	55.6	74.0

Distribution of the minimum dividend of EUR 0.11

Primarily due to the lower remuneration year on year (minimum remuneration amounting to EUR 256,000) from BLG KG, the annual financial statements of BLG AG showed net retained profits in accordance with HGB of EUR 1,117,000 (previous year: EUR 1,536,000) for the 2020 financial year. According to German law, this amount forms the basis for the dividend distribution.

We pursue the goal of an earnings-related and consistent dividend policy. For the 2020 financial year, the Board of Management, in consultation with the Supervisory Board, will propose to the Annual General Meeting on June 2, 2021 that due to the impact of the coronavirus pandemic on the earnings situation of the entire BLG Group, only the statutory minimum dividend of EUR 0.11 per share (previous year: EUR 0.40 per share) be distributed on the dividend-eligible share capital of EUR 9,984,000.00, corresponding to 3,840,000 shares (registered shares). This represents a distribution total of EUR 422,000 and a pay-out ratio of 37.8 percent. Based on the year-end share price of EUR 12.33, this results in a dividend yield of 0.9 percent for the 2020 financial year. The Board of Management and Supervisory Board propose that the remaining net retained profits of EUR 695,000 be transferred to other revenue reserves.

Shareholder structure of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877- as of December 31, 2020



The share capital of BLG AG amounted to EUR 9,984,000.00 and was divided into 3,840,000 no-par value registered shares with voting rights (registered shares). Transfer of the shares requires the approval of the company in accordance with Section 5 of the Articles of Incorporation.

As of December 31, 2020, the Free Hanseatic City of Bremen (municipality) was the main shareholder of BLG AG with a share of 50.4 percent. Other large institutional investors are Finanzholding der Sparkasse in Bremen and Panta Re AG, Bremen, each with a share of 12.6 percent, and the Waldemar Koch Foundation, Bremen, with a share of 5.9 percent. 18.5 percent of shares are in free float, corresponding to around 710,000 shares. 1.2 percent of the free float is held by institutional investors; the remaining 17.3 percent is held by private investors.

Corporate governance statement

In accordance with German statutory requirements, the auditor only audited the existence of disclosures on corporate governance within the meaning of Section 289 HGB. To avoid duplication, they are reported elsewhere in the financial report together with the corporate governance statement in accordance with Section 289f HGB; see pages 16 ff.

Takeover-related disclosures in accordance with Section 289a (1) HGB

The takeover-related disclosures are presented on page 24.

Remuneration report

The remuneration report in accordance with Section 289a (2) HGB can be found on pages 25 ff.

Risk report

Opportunity and risk management

Corporate activity is accompanied by opportunities and risks. Responsible handling of potential risks is a key element of sound corporate governance for BLG AG. At the same time it is important to identify and take advantage of opportunities. Our opportunities and risks policy aims to increase the company's value without taking any inappropriately high risks.

The Board of Management of BLG AG assumes responsibility for formulating risk policy principles and earnings-oriented management of overall risk. The Board of Management regularly informs the Supervisory Board of decisions holding potential risk in connection with the dutiful discharge of its responsibilities under company law.

Potential risks are identified at an early stage within the framework of continuous risk controlling and a risk management and reporting system geared to the corporate structure under company law. We give special consideration to possible risks to continuity of operations based on strategic decisions. Currently no risks to continuity of operations and to the future development of our company can be identified on the basis of an overall analysis. Our financial base in connection with extending the range of services in all strategic divisions of the Group continues to offer good opportunities for stable corporate development on the part of BLG AG.

Description of the main features of the internal control and risk management system with regard to the accounting process in accordance with Section 289 (4) HGB

Definition and elements of the internal control and risk management system

BLG AG's principles of risk management are documented in a guideline. The regulations and necessary documentation as well as reporting cycles defined there are supported by standard software to ensure a uniform process standard.

The internal control system of BLG LOGISTICS with regard to the accounting process includes all principles, procedures and measures to ensure the correct and legally compliant recognition, measurement and presentation of business transactions in the financial statements. The aim is to avoid any material misstatements in accounting and external reporting.

Since the internal control system is an integral component of the risk management system, they are presented in a condensed form.

The internal monitoring and management systems are components of the internal control system. The Board of Management of BLG AG has assigned responsibility for the internal management system in particular to the Financial Controlling, Finance and Accounting departments.

The internal monitoring system comprises controls that are both integrated into and independent of the accounting process. The controls integrated into the process particularly include the dual control principle and IT-supported controls, as well as the involvement of internal departments such as Legal or Tax departments and of external experts.

Controls that are independent of the process are carried out by the Internal Audit department, the Quality Management department and the Supervisory Board, in the latter case principally through its Audit Committee. The Audit Committee concerns itself in particular with the accounting for the company and the Group, including reporting. The activities of the Audit Committee also focus on the risk situation, monitoring the further development of risk management and on compliance issues. This also includes the effectiveness of the internal control system.

Process-independent audit activities are also performed by external auditing bodies such as the auditing company or the tax auditor. With regard to the financial reporting process, the audit of the annual and consolidated financial statements and the financial statements pursuant to Section 315e HGB by the auditing company forms the main component of the process-independent review.

Accounting-related risks

Accounting-related risks can arise, for example, through the conclusion of unusual or complex business dealings or the establishment of business combinations as well as the processing of non-routine transactions.

Potential risks also result from discretionary scope in the recognition and measurement of assets and liabilities, or from the effect of estimates on the annual financial statements, such as for provisions or contingent liabilities.

Accounting process and measures to ensure its correctness

Business transactions are generally accounted for in the single-entity financial statements of the subsidiaries of BLG AG using the standard software SAP R/3. The consolidated financial statements are prepared using the SAP consolidation module EC-CS, with the separate financial statements of the companies included in the consolidation being combined, if necessary after adjustment to comply with international financial reporting standards. Foreign subsidiaries are included on the basis of standardized, Excel-based reporting packages, which are transferred into the EC-CS consolidation system by way of flexible uploads. This is a standard interface in SAP.

BLG AG has issued accounting guidelines for financial reporting in accordance with the International Financial Reporting Standards (IFRSs) to ensure consistent recognition and measurement. In addition to general principles, these guidelines cover in particular accounting principles and methods and regulations on the income statement, consolidation principles and special topics. To ensure the implementation of consistent, standardized and efficient accounting and financial reporting, guidelines for uniform Group-wide accounting have also been drawn up. In addition, a code of practice for the notes and the management report has also been defined that aims to ensure consistent reconcilability of the various sets of financial statements.

Impairment tests for the Group's cash-generating units are carried out centrally. This ensures that consistent and standardized measurement criteria are used. The same applies to the specification of the parameters to be used for the measurement of pension provisions and other provisions based on expert opinions.

When preparing the debt consolidation, internal balances are regularly reconciled in order to clarify and remedy any differences in good time. At Group level, in addition to a validation by the system of the data reported in the separate financial statements, the reporting packages in particular are tested for plausibility and transferred into the EC-CS consolidation system.

The disclosures in the notes to the consolidated financial statements are produced mainly from the EC-CS consolidation system and enhanced by additional information on the subsidiaries.

Special software is used for tax accounting. Current and deferred taxes are calculated at the level of the individual subsidiaries and the recoverability of the deferred tax assets is tested. Current and deferred taxes to be recognized are thus calculated at the Group level in the statement of financial position and in the income statement, taking into account the effects of consolidation.

The audited financial statements in accordance with Section 315e HGB are converted into the ESEF-compliant format for submission to the German Federal Gazette using dedicated software, and the necessary checks are carried out and documented in accordance with a published ESEF technical concept based on the dual control principle.

Qualifying notes

The internal control and risk management system ensures the correctness of the accounting process and compliance with the relevant legal requirements.

Discretionary decisions, controls containing errors, or malicious acts may, however, limit the effectiveness of the internal control and risk management system, with the effect that the systems established cannot guarantee with absolute certainty that the risks will be identified and managed.

Risks and opportunities of future development

Risks for the company result from its position as general partner of BLG KG, Bremen. There is no identifiable risk of being subject to claims. A risk but also an opportunity arises from the development of earnings of BLG KG, including its equity investments, on which the amount of the company's remuneration for management activities depends. Market, macroeconomic, political and other risks (e.g. high competitive pressure, economic development, effects of the coronavirus crisis) can have a direct impact. In this regard, we also refer to the group management report prepared by BLG AG and BLG KG as part of their jointly prepared consolidated financial statements for the 2020 financial year. A credit risk results from the receivables from loans and cash management with respect to BLG KG. There is currently no identifiable credit risk.

Due to the coronavirus crisis, the remuneration for the Board of Management in 2020 fell to the minimum level of EUR 256,000, with a corresponding negative impact on the income of BLG AG. No further isolated risks for BLG AG resulting from the coronavirus crisis are currently identifiable. Based on what is known at present, the United Kingdom's exit from the European Union and the ongoing phase of low interest rates have no impact on the risk assessment.

Outlook

Report on forecasts and other statements regarding expected development

Against the backdrop of the massive advance of the coronavirus pandemic from the spring of 2020, the previous year's forecast projected significantly lower earnings than in the 2019 financial year. The huge impact of the coronavirus crisis on BLG LOGISTICS ultimately led to a reduction of the performance-based remuneration for the Board of Management of BLG KG (remuneration for work) to the minimum amount of EUR 256,000. For this reason in particular, the previous year's forecast proved accurate and earnings before taxes fell by EUR 401,000 to EUR 1,349,000. Ultimately, net income for the year also decreased accordingly by EUR 337,000. Please see the report on economic position for further details.

At the beginning of 2021, it is still not possible to reliably predict the further course of the coronavirus pandemic and thus its impact on the world economy, global trade flows and BLG LOGISTICS' customers. Given the prevailing high level of uncertainty and the sluggish vaccination rollout, it is difficult to make a dependable forecast for the business development of BLG LOGISTICS for the 2021 financial year.

According to current knowledge, BLG AG forecasts that BLG KG's business development and earnings in the 2021 financial year could gradually recover in the course of 2021. Nevertheless, the repercussions of the coronavirus pandemic and global uncertainties will continue to persist and we can therefore expect another difficult year.

Against this backdrop, it is to be expected that there will be no material change in BLG AG's results of operations, because, besides the liability remuneration, the remuneration for business management is likely to remain at a similar level. In addition, exceptional factors, such as the reversal of expenses not required for an in-person Annual General Meeting, are not expected to recur in the 2021 financial year. BLG AG's earnings (EBT) for 2021 will therefore likely be at a similar level to 2020 or slightly lower. With respect to the dividend, we will continue in the future to allow our shareholders to participate appropriately in earnings in line with our business performance.

Taking the significant uncertainty into account and on the basis of the estimates currently possible for the 2021 financial year, the Board of Management assumes that, despite the burden of the pandemic, the liquidity of BLG AG and of the Group will continue to be sufficient to allow payment obligations to be met at all times.

Apart from historical financial information, this annual report contains forward-looking statements on the future development of the business and the business performance of BLG AG, which are based on estimates, forecasts and expectations, and can be identified by wording such as "assume," "expect" and similar terms. These statements may, of course, vary from actual future events or developments. We are not under any obligation to update these forward-looking statements with new information.

Final statement of the Board of Management in accordance with Section 312 (3) of the German Stock Corporation Act

BLG AG received appropriate consideration for each legal transaction indicated in the report on relationships with affiliated companies and was not disadvantaged by the measures taken as disclosed in the report. No measures pursuant to Section 312 AktG were omitted. This assessment is based on the circumstances of which we were aware at the time the reportable transactions were conducted.

Bremen, March 30, 2021

BREMER LAGERHAUS-GESELLSCHAFT
-Aktiengesellschaft von 1877-

THE BOARD OF MANAGEMENT

Assurance of the Legal Representatives

To the best of our knowledge, and in accordance with the applicable financial reporting principles, the annual financial statements present a true and fair view of the net assets, financial position and results of operations of the company, and the management report presents a true and fair view of the development and performance of the business and the position of the company and describes the principal opportunities and risks associated with the expected development of the company.

Bremen, March 30, 2021

THE BOARD OF MANAGEMENT

Frank Dreeke
CEO & Chairman
of the Board of Management

Michael Blach
CONTAINER
Division

Andrea Eck
AUTOMOBILE
Division

Christine Hein
CFO

Ulrike Riedel
Labor Relations Director

Jens Wollesen
CONTRACT
Division

02 Group Management Report

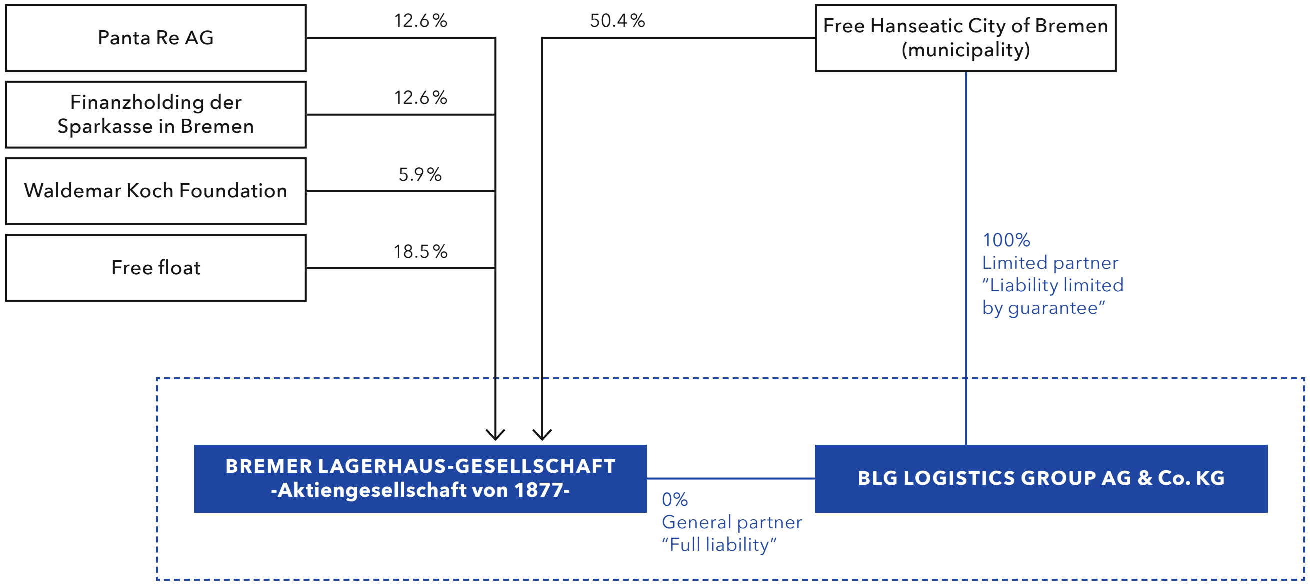
02 Group Management Report

Group Management Report

Fundamental Information about the Group

As the personally liable general partner of BLG LOGISTICS GROUP AG & Co. KG (BLG KG), the listed company BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877- (BLG AG) has assumed the management of the BLG Group. These two companies, which are closely linked in legal, commercial and organizational respects, have prepared the consolidated financial statements as joint parents.

BLG AG does not hold any share capital in BLG KG and is also not entitled to participate in the company's profits. It receives remuneration for the liability it has assumed and for its business management activities. All limited partnership shares of BLG KG are held by the Free Hanseatic City of Bremen (municipality). The business of BLG KG is managed by the Board of Management of BLG AG as a body of the general partner. The Board of Management is fully accountable for managing the business in accordance with Section 76 (1) of the German Stock Corporation Act (AktG) and is not subject to instructions from the shareholders.



Legal structure of the Group as of December 31, 2020

Business model and organizational structure

The BLG Group operates externally under the brand BLG LOGISTICS. BLG LOGISTICS is a seaport-oriented logistics service provider with an international network. We have a presence in all the world's growth markets, with over 100 companies and offices in Europe, the Americas, Africa and Asia. We offer our customers in industry and retailing complex logistics system services. Our AUTOMOBILE and CONTAINER Divisions are leaders in Europe. Our CONTRACT Division is among the leading German providers.

As a strategic management holding company, BLG KG focuses on strategic developments at Group level. As a result, the holding company's influence on the operating business is greater than that of a pure financial holding company, but it is also significantly less than in the case of an operational management holding company. The Board of Management members responsible for the three divisions AUTOMOBILE, CONTRACT and CONTAINER play a special role as an interface to the operating units. The Board of Management determines the Group strategy with vision and mission by creating strategic guidelines at Group level; together with the operating managers, the relevant Board of Management member determines the strategy at division level within the framework of the Group strategy and is responsible for strategic management of the division. The fulfillment of the respective strategies is supported by the central departments.

In accordance with its defined mission, BLG LOGISTICS aims to make logistics simpler for its customers, so that they can focus on their successful market operations.

BLG LOGISTICS operates in three divisions. The reporting also follows this structure.

The AUTOMOBILE and CONTRACT are subdivided into business areas. Responsibility for the operational management of the business areas, including earnings responsibility, lies with the relevant business area managers of the AUTOMOBILE and CONTRACT Divisions, and with the group management of the EUROGATE GmbH & Co. KGaA, KG subgroup for the CONTAINER Division.

AUTOMOBILE Division

The AUTOMOBILE Division is the leading technical and logistics service provider for the international automotive industry. In the 2020 financial year, our worldwide AUTOMOBILE network handled, transported, or technically processed 4.8 million vehicles.

BLG LOGISTICS' AUTOMOBILE Division offers multimodal transport concepts with global logistics reach and dovetails individualized and innovative technical service packages. Distribution takes place by road, rail and inland waterway. In addition to the seaport terminals in Bremen, Bremerhaven, Cuxhaven, Hamburg (Germany) and in Gdansk (Poland), the AUTOMOBILE Division also operates several inland terminals on the Rhine and the Danube. The bases of our truck fleet extend from Paderborn in Germany to Moscow.

BLG AutoRail is a specialist provider of vehicle transport services by rail, with its own fleet of 1,500 open double-deck railroad cars including 200 flat wagons. This means that the logistics supply chain from the vehicle manufacturers to the end customer is fully covered.

Our wheels are constantly turning: BLG's AUTOMOBILE Division consistently supplements its logistics network with smart digital solutions and sustainable concepts for climate-friendly transport.

CONTRACT Division

The CONTRACT Division manages complex projects and offers its customers reliable upstream and downstream logistics solutions. The focus of our know-how and experience lies in procurement, production and distribution logistics, returns and spare parts logistics, as well as freight forwarding services. We offer storage, transport, packing and unpacking services, handle conventional orders, e-commerce issues and also a variety of value added services.

As a logistics architect, we plan, configure and implement customized logistics solutions, ranging from highly automated logistics centers to manual in-house handling.

Our customers are strong brands from industry and retailing, medium-sized companies and the major German and international car manufacturers. We work at our logistics centers and our customers' production facilities and warehouses at over 40 locations in Europe and overseas. Be it automotive parts, railroad components, trainers, printers, fashion, furniture, cookies, bathroom fittings or frozen potato products – our teams of experts devise bespoke service packages for a wide variety of goods.

CONTAINER Division
The CONTAINER Division is represented by the EUROGATE joint venture. The EUROGATE Group, in which BLG LOGISTICS holds a 50 percent stake, is Europe's leading shipping line-independent container terminal group. Together with the Italian terminal operator CONTSHIP Italia, the company operates a network of 12 container terminals from the North Sea to the Mediterranean. Secondary services are also available in the form of intermodal and container-related services.

Changes in the group of consolidated companies
In the AUTOMOBILE Division, BLG Automobile Logistics Italia S.r.l. i. L., Gioia Tauro, Italy, was deconsolidated in the reporting year following entry into liquidation. As part of an internal Group restructuring, BLG WindEnergy Logistics GmbH & Co. KG, Bremerhaven, was absorbed into BLG AutoTerminal Bremerhaven GmbH & Co. KG, Bremerhaven, and was thus no longer included in the group of consolidated companies.

In the CONTRACT Division, BLG Handelslogistik GmbH & Co. KG, Bremen, increased its shareholding in BLG Sports & Fashion Logistics GmbH, Hörsel, by 49 percent to 100 percent in the reporting year. Under a purchase agreement dated November 24, 2020, BLG Industrielogistik GmbH & Co. KG, Bremen, sold its shares in BLG Automotive Logistics of South America Ltda. São Paulo, Brazil. As part of the sale, the shares in BMS Logistica Ltda., São Paulo, Brazil, were also divested.

Research and development

We are working continuously to offer our customers new services and thus support them in aligning their logistics processes with future requirements. At the same time, we place a focus on optimizing the underlying processes across the entire portfolio. The innovations behind this are developed, managed and ultimately translated into product solutions by the Sustainability and Digitalization department. We thus ensure that we remain competitive in the long term and position ourselves vis-à-vis our customers as innovation drivers. In determining the potential of new ideas, we pursue the following approaches:

Technologies, processes or potential solutions whose suitability has not yet been demonstrated are tested in 100-day projects at selected locations or within individual business divisions. Like this, in slightly over three months, we have a proof of concept which is used as a basis for deciding whether the project is transferred to continuous operations, is further tested and optimized in a 6-month sprint, is continued on the basis of an operational project, or is not pursued further.

We implement existing and proven solutions directly in the company context via operational innovation projects.

Lastly, in research and development projects we work with partners from science and industry on brand new, particularly complex concepts. Three new research projects were launched in 2020.

In the reporting year, we completed 11 100-day projects and ten 6-month sprints, including a total of eight with an AI-reference (artificial intelligence). This continues to be our focus – especially in the field of machine learning with a view to deployment in human resources planning and in intelligent document management. In addition to the use of chatbots in recruiting and the development of driverless transport vehicles at the Bremen site, newly implemented projects included process analysis using desktop activity mining as well as automatic capture of the time or duration of processes via sensors. The innovation team also organized numerous workshops on mapping out the digitalization roadmap as well as on various other strategic innovation and digitalization topics. These activities will be continued in 2021.

Further progress was made in the ongoing "SecProPort", IRiS" and "SHARC" research projects in the reporting year. As part of a consortium of eight cooperation partners, we are working in the former on the development of IT security architecture to defend port logistics against cyberattacks.

In the "IRiS" project, we have teamed up with one research partner and two industry partners in looking for solutions to automate the unloading of boxes from containers. The project was scheduled for completion in August 2020, but experienced delays due to the coronavirus pandemic. Contact and at times access restrictions at our partner meant that the robot system could not be assembled, and consequently commissioning, laboratory and field tests had to be postponed. A cost-neutral extension of the project until April 30, 2021 was approved.

The "SHARC" project is concerned with the target to operate the port facilities in Bremerhaven and Bremen CO_2-neutrally by 2023. To this end, a concept for intelligent integration of renewable energy sources into the port energy infrastructure is to be drawn up. Completion of the project has been pushed back from December 2020 to June 30, 2021. A follow-up is planned.

All three projects are funded by the German Federal Ministry of Transport and Digital Infrastructure (BMVI) as part of the IHATEC (Innovative Port Technologies) funding program.

The "Isabella" project was successfully concluded on June 30, 2020. The heart of this project is a multi-touch table that maps a virtual reflection of terminal operations and allows simulation and evaluation of various scenarios, thus increasing transparency in the process organization. On July 1, 2020, the "Isabella 2.0" follow-up project funded by the BMVI got underway with the goal to integrate processes for all means of transportation, i.e. the loading and unloading of trucks, railroad cars and ships, into the "Isabella" control algorithm. The parameterization of the control algorithm using AI methods also plays a role in this. It is also planned to identify further digitalization needs in the context of the project, including appropriate solutions, as well as to develop a virtual training environment for drivers at the terminal with the help of virtual reality technology.

The "KITE" and "INSERT" sponsorship projects were newly launched in 2020. In the former, we are working together with one research partner and two industry partners to develop an AI-based forecasting method for predicting transportation volumes. It is hoped this will reduce the number of empty runs on the part of freight forwarding companies by up to 15 percent and in doing so support the overarching goal to make transport logistics more sustainable by lowering CO_2 emissions. The project is also sponsored by the BMVI.

In the "INSERT" project, which is funded by the European Regional Development Fund (ERDF), we are also working together with three collaboration partners. This involves the development of an assistance system for drafting initial concepts for production and logistics planning, for which corresponding expert knowledge is transferred into an AI-based system. This adaptive system is designed to support planners and thus enhance the quality of the developed concepts. At the same time, we are working to significantly shorten planning processes.

In 2020, BLG LOGISTICS was thus involved in seven consortium projects with a total volume of EUR 18.6 million. All three newly launched projects in the reporting year are concerned with the question of how artificial intelligence can be used in logistics.

Relevant legal and economic factors

BLG LOGISTICS has to observe a wide range of national and international legislation. In addition to regulations under public law, capital market law, employment law including occupational health and safety legislation, transport and customs laws and competition law are particularly relevant to us. Collective pay agreements in Germany are one of the most important economic factors for BLG LOGISTICS, as a large proportion of the workforce is employed in Germany and personnel expenses for our own as well as external staff represent the main cost item. Because our business model is capital-intensive in all divisions, the cost of capital also plays a significant role.

Group control

Financial key figures
As part of BLG LOGISTICS' mission and vision and the sharpening of strategic guidelines, the management system was designed to be as clear and transparent as possible. Internal reporting and remuneration systems are designed stringently for the entire Group according to uniform measurement variables.

The key management indicators of BLG LOGISTICS are:

- **EBT**
  Earnings before taxes (EBT) is the basis for determining profitability, independently of tax effects that cannot be influenced. This is also suitable for measuring profitability in an international comparison.

Key performance indicators Actual/Target/Forecast		2019 Actual	2020 Forecast	**2020 Actual**	2020 Target achievement	2021 Forecast
EBT	EUR thousand	37,544	Significant decline	-116,127	Decline has occurred	Significant improvement
Revenue	EUR thousand	1,158,632	Significantly below previous year	1,065,235	Decline has occurred	Previous year's level
EBT margin	Percent	3.2	Significant decline	-10.9	Decline has occurred	Significant improvement

- **Revenue**
  Group revenue is derived from the consolidated income statement and does not include the revenue of the CONTAINER Division.

- **EBT margin**
  Dividing EBT by revenue produces the EBT margin. This is an indicator of a company's efficiency and profitability.

The table compares the expected key performance indicators with the key figures achieved in the financial year and shows the forecast for the following financial year. For the corresponding explanations, please refer to the Report on economic position and to the Outlook.

Non-financial key figures

The non-financial key figures are individual control variables depending on the operating business unit. This includes measurement variables such as vehicle handling, processed quantities and container handling. In order to assess future developments, we rely on a continuous dialog with customers and closely monitor overall economic developments in order to be able to react to changes at an early stage.

No non-financial key figures are used for management at Group level.

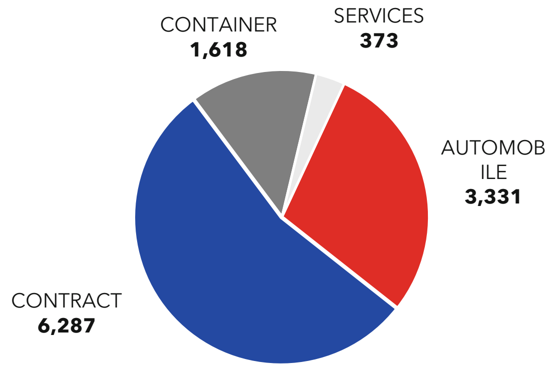
Non-financial performance indicators

Employees[1]

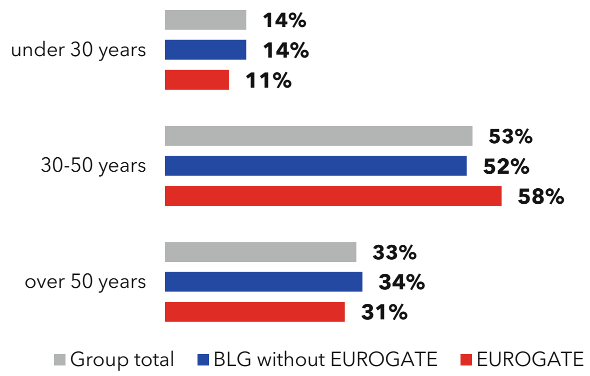
As an international seaport-oriented logistics service provider, BLG LOGISTICS requires committed, motivated and skilled employees in order to be successful in the market over the long term and to meet the continuous challenges of globalization and demographic change. Since the 2019 financial year, this has been underscored by a wide range of measures and campaigns under the motto "#SuccessDependsOnEverybody" spanning all levels from temporary employees to the Board of Management and all areas and locations of BLG LOGISTICS.

[1] The following employee numbers are defined in accordance with Section 267 (5) HGB.

Employees 2020



Employees by age group



In order to attract, develop and retain its employees, BLG LOGISTICS aims to consistently maintain its image as an attractive company on the labor market. That is why our personnel policies include options for maintaining a work-life balance and specific health management mechanisms, as well as performance-related pay and targeted training opportunities.

The successful implementation of a clear and forward-looking strategy largely depends on BLG LOGISTICS' management. Our leadership principles and our corporate values support the achievement of a shared understanding of leadership at all levels.

In the reporting year, the average number of employees (excluding the CONTAINER Division) decreased by 76 persons year-on-year, which is equivalent to 0.8 percent. The decline in the CONTRACT Division is due, among other things, to the customary switch of service providers in contract logistics. This ran counter to new hires in connection with business expansion.

The number of persons employed by the Group, excluding the Board of Management and apprentices, is shown in the table, broken down by division, and in accordance with Section 267 (5) HGB (annual average).

Employees by division	**2020**	2019	Percentage change
AUTOMOBILE Division	**3,331**	**3,308**	**0.7**
of which blue-collar workers	2,852	2,835	
of which white-collar workers	479	473	
CONTRACT Division	**6,287**	**6,393**	**-1.7**
of which blue-collar workers	4,902	5,024	
of which white-collar workers	1,385	1,369	
CONTAINER Division	**1,618**	**1,653**	**-2.1**
of which blue-collar workers	1,146	1,183	
of which white-collar workers	472	470	
Segment employees	**11,236**	**11,354**	**-1.0**
of which blue-collar workers	8,900	9,042	
of which white-collar workers	2,336	2,312	
Services	**373**	**366**	**1.9**
of which blue-collar workers	0	0	
of which white-collar workers	373	366	
Employees incl. CONTAINER Division	**11,609**	**11,720**	**-0.9**
of which blue-collar workers	8,900	9,042	
of which white-collar workers	2,709	2,678	
Less employees of the CONTAINER Division	**-1,618**	**-1,653**	**-2.1**
of which blue-collar workers	-1,146	-1,183	
of which white-collar workers	-472	-470	
Employees of BLG LOGISTICS	**9,991**	**10,067**	**-0.8**
of which blue-collar workers	7,754	7,859	
of which white-collar workers	2,237	2,208	

Non-financial report

In accordance with the provisions of the Act to Strengthen Non-Financial Reporting by Companies in their Management Reports and Group Reports (CSR Directive Implementation Act), BLG LOGISTICS has prepared a non-financial Group statement in accordance with Section 315b HGB since the 2017 financial year. This statement is integrated into the sustainability report as a separate non-financial report, which can be downloaded from ➚ *reporting.blg-logistics.com*. Our 2020 sustainability report also reports in detail on other non-financial topics.

Management and control

Corporate governance statement
In accordance with German statutory requirements, the auditor only audited the existence of disclosures on corporate governance within the meaning of Section 315d HGB. They are shown on pages 16 ff. of this financial report, with the corporate governance statement in accordance with Section 315d HGB.

Takeover-related disclosures in accordance with Section 315a (1) HGB
The takeover-related disclosures are presented on page 24.

Remuneration report
The remuneration report in accordance with Section 315a (2) HGB is presented on pages 25 ff.

Report on Economic Position

Macroeconomic conditions

Global economy shaped by the coronavirus pandemic
At the start of 2020, the dominant topics in the global economy were the trade conflict between the US and China, uncertainty over Brexit, the weak demand for investment goods and the existing "automotive crisis". However, due to the coronavirus crisis, which came to Germany in a big way in February 2020 and is still having a significant impact on the global economy and global goods flows, these issues have faded into the background.

Industry, already weakening at the start of 2020, showed first signs of a recovery, only to face the worst economic collapse in German post-war history with the onset of the coronavirus pandemic. Many nations and trading partners imposed contact restrictions and plant shutdowns, which led to interruptions in cross-border supply chains and a slump in global demand.

Following the first easing of restrictions over the summer of 2020, a rapid recovery set in supported by government and central bank relief measures, which in the third quarter allowed the global economy to recoup a sizeable part of the severe downturn in production levels suffered during the first half of the year.

With the renewed rise in infections toward the end of the year, combined with tighter containment measures that placed a strain on economic and social activities, the global economic recovery was again brought to a standstill in the fourth quarter.

Sources for this section:
Deutsche Bundesbank, Monthly Report, January and February 2021
IfW Kiel, Kiel Institute Economic Outlook, No. 73 (2020|Q4)
IMK, IMK Report No. 164, January 2021

German GDP down by around 5 percent in 2020
The COVID year 2020 was also a turbulent one for the German economy. From February to April, industrial production fell by almost 30 percent, in large part also due to the interruption of international supply chains and the collapse in global demand. Household spending also shrank considerably as a result of the contact restrictions and lack of consumption opportunities. Thanks to the rapid response of policymakers in Germany and at European level, it was possible to prevent even greater declines.

With the easing of the containment measures, supply chains back up and running and economic revival also abroad, the German economy was able to catch up significantly, especially in the third quarter. This domestic recovery was short-lived, however, and was once again slowed – albeit not as severely as in spring 2020 – by the second wave of the pandemic, which grew stronger at the end of the year, and the tightening of measures to contain the resurgent infection rates. Bricks-and-mortar retail outlets were particularly affected by the renewed closures.

Year-on-year change in real GDP

The impact of the coronavirus pandemic on the labor market was, by and large, relatively limited thanks to the measures taken to safeguard jobs (e.g. short-time working arrangements), and the number of unemployed rose only slightly. The trade deal struck between the European Union and the United Kingdom also had a stabilizing effect on the economy. In this environment, German GDP was down by around 5 percent in 2020.

Sources for this section:
Deutsche Bundesbank, Monthly Report, January and February 2021
IfW Kiel, Kiel Institute Economic Outlook, No. 74 (2020|Q4)
IMK, IMK Report No. 163, December 2020

Situation in the logistics sector
During the coronavirus crisis in particular, the logistics sector acts as a major link between manufacturers, retailers and consumers and additionally is a provider of production-related services. In addition to the traditional freight forwarding business, its strengths include the provision of logistics services in connection with the delivery, production and distribution of goods.

The demands on logistics are changing at an ever-increasing pace. These changes are being driven by ongoing globalization, shorter product life cycles, urbanization and new technologies. As a result, the sector continues to benefit from the increasing demand for logistics services, which is amplified by the growth in e-commerce business and returns processing in the business-to-consumer segment. Challenges concern in particular continued pressure on margins, demographic trends and the resulting competition for professionals, managers and young talents. There is also the growing importance of online retailing, which has once again been amplified during the coronavirus pandemic, increasing customer requirements with regard to speed, flexibility and the quality of supply, and increasing environmental awareness among the population. The sector is currently experiencing staff shortages particularly in the areas of warehouse workers, vehicle drivers and IT managers.

In addition, logistics companies are expected to be very willing to invest and highly innovative in the area of outsourcing activities. A key focus here is to invest in transshipment, distribution and order-picking centers in conveniently situated locations. Because contracts with customers often have terms of only a few years, space and handling equipment are often rented or leased. This avoids tying up capital in the long-term and significantly increases the flexibility of the logistics service provider.

Increasing customer demand has led to a significantly greater use of consistent information and communication technology along the process chains. Logistics service providers must increasingly adapt business models to changes such as the increasing influence of the ongoing digitalization of process chains.

The specific challenges for logistics service providers as a result of the coronavirus crisis forecast in last year's report and repeated below for the most part proved accurate:

- Additional safety measures made logistics more expensive
- Plant closures in the automotive industry reduced transports and handling volume
- The basis for necessary investments fell away
- Imbalances in freight transport at the seaports result in additional costs
- Contract logistics is suffering from manufacturers' suspended production and general economic demand
- Coronavirus precautions are resulting in staff shortages

With many customers in the logistics industry inevitably reporting lower volumes, the stable fixed costs resulted in a high burden in the first months of the coronavirus crisis. By contrast, e-commerce business grew at an above-average rate.

In line with the German and global economic situation, the SCI Logistics Barometer fell significantly in spring 2020. However, the business situation of the transport and logistics companies surveyed stabilized toward the end of the year and the SCI Logistics Barometer leveled out at the figure for the end of 2019. A large majority of 87 percent rated the current business situation as "normal" or "good" in December 2020. The logistics industry as a whole expects prices and costs to increase. Against the background of the problematic COVID year 2020, more than two thirds of companies surveyed expect a more favorable business performance in 2021.

The German Logistics Association (BVL) Logistics Indicator also shows a V-shaped development for 2020. However, the optimism expressed in the third quarter waned toward the end of the year and on balance in December the logistics service providers were slightly pessimistic with regard to the performance trend for the coming six months. With respect to the revenue development in the second half of the year, however, the majority were more positive. After falling heavily in March and April, the truck toll mileage index also steadily recovered.

A high number of employees in Germany work in logistics professions in retail and at logistics service providers. Aside from its economic strength and its large population, the importance of the German market can be partly attributed to the fact that a large share of economic output is accounted for by industry and retailing. Other reasons include the traditionally high export share, its central position in Europe and the resulting hub function that it fulfills. The quality of its transport infrastructure and its significant logistics expertise also contribute to making Germany highly attractive as a logistics location.

Sources for this section:
BVL Logistics Indicator, 4th Quarter 2020, December 14, 2020 including commentary
SCI Verkehr, SCI Logistics Barometer, December 2020

Board of Management's overall assessment of the business environment
In light of the coronavirus crisis, BLG LOGISTICS closed the 2020 financial year with a very substantial loss overall. Due to the idle business of many of our customers in the lockdown months of March to May alone, we incurred a loss in the double-digit millions. This was compounded by measurement adjustments and risk provisioning necessitated by the coronavirus pandemic.

The business development at the beginning of 2020 was largely in line with our expectations. However, the fallout from the COVID-19 crisis with its historic ramifications for the world economy, global trade flows and BLG LOGISTICS' customers was immediately felt in terms of volumes and results. The production standstill in the automotive industry hit us particularly hard in terms of handling, transport, technical processing and car parts logistics. However, other business segments with customers from retailing and industry, among others, were also severely affected. Many locations with e-commerce activities, on the other hand, developed positively in spite of the crisis. Container handling also suffered from the impact of the coronavirus pandemic, although not as severely as expected. As our employees' health and safety is of primary importance to us, we also incurred extensive expenses for protective measures and adjustments to operating procedures.

From the summer of 2020, we also began to feel the effects of the economic upturn and volumes and earnings increased perceptibly.

At the end of March 2020, it was still impossible to predict the advance of the coronavirus pandemic. As things stood at the time, we predicted a considerable reduction in EBT, revenue and the EBT margin. Against the background described, this development occurred in the 2020 reporting year.

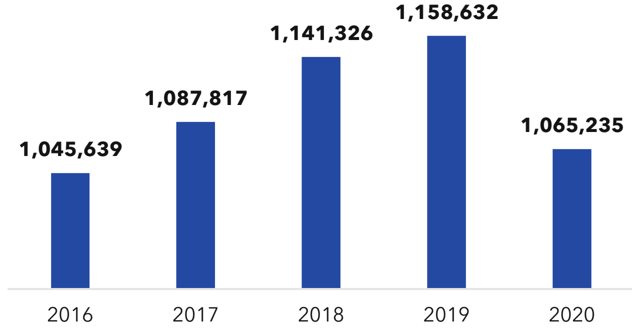
Despite the clear loss, on the whole BLG LOGISTICS came through the crisis better than had been anticipated in spring 2020. There was sufficient liquidity at all times and the number of employees also remained stable. We were helped in the pandemic by the fact that we have diversified our business more and more in recent years and have established a broad customer base.

In addition, even in 2020 BLG LOGISTICS managed to keep moving. We opened new locations, expanded existing ones and focused intensively on the topic of climate protection. We will be a climate-neutral company by 2030. We are also consistently pursuing our digitalization and innovation strategy and in this context are addressing topics such as artificial intelligence.

Even though 2021 will still be characterized by challenging conditions and question marks, we are working intensively to constantly improve BLG LOGISTICS' overall financial situation and, despite the crisis, consider ourselves well positioned for the future. This assessment is based on the results of the consolidated financial statements for 2020 and takes into account the business performance up to the time the group management report was prepared in 2021. The business development at the beginning of 2021 is largely in line with our expectations.

Business performance

Results of operations



Revenue development in EUR thousand

In the 2020 financial year, Group revenue decreased by EUR 93,397,000 year-on-year to EUR 1,065,235,000. This is almost entirely explained by the drop in volumes due to the coronavirus pandemic, with the result that all business divisions saw declines in the 2020 financial year.

The decrease in revenue of EUR 82,357,000 to EUR 521,377,000 in the AUTOMOBILE Division is the result of the burdens on the automotive industry. The impact of the coronavirus pandemic has led to the biggest crisis since the Second World War, causing sales to plummet by around one quarter. Alongside other business areas with customers in industry and retailing, this also affected car parts logistics in the CONTRACT Division. Here, total revenue decreased by EUR 11,313,000 to EUR 552,621,000. The positive development of our locations with e-commerce prevented this decline from being higher. Apart from the lower volumes as a result of the coronavirus pandemic, the high level of competitive pressure and, hand in hand with this, declining average selling prices continued to have a dampening effect on the revenue development in the CONTAINER Division. Revenue fell in the 2020 financial year by EUR 18,782,000 to EUR 263,522,000. Since the EUROGATE Group is included in the consolidated financial statements using the equity method, this revenue is not included in the reported Group revenue.

In addition to the competitive pressure, the CONTAINER Division was impacted in particular by high impairment losses on non-current financial assets (EUR 37.0 million; 50 percent stake) and restructuring expenses for the individual entities (EUR 20.9 million). Consequently, companies accounted for using the equity method reported a substantial net loss for the period. For more information, please refer to the notes below relating to the CONTAINER Division.

Overall, with -13.9 percent, the cost of materials fell more sharply than revenue (-8.1 percent). In addition to lower purchased services, this is also accounted for by EUR 21,529,000 (17.4 percent) less in the cost for external personnel due to the coronavirus pandemic in the 2020 financial year.

The decline in other income (EUR 18,988,000) year on year is attributable with EUR 11,683,000 to lower income from disposals of property, plant and equipment and with EUR 2,211,000 to lower income from the reversal of provisions.

Personnel expenses rose in the reporting year to EUR 455,476,000 (previous year: EUR 452,245,000). The reduced expenses for wages and salaries due to the slight decline in the number of employees and temporary short-time work were not sufficient to compensate for the

Revenue by segment **EUR thousand**	**2020**	2019	Absolute change	Percentage change
AUTOMOBILE	521,377	603,734	-82,357	-13.6
CONTRACT	552,621	563,934	-11,313	-2.0
CONTAINER	263,522	282,304	-18,782	-6.7
Reconciliation	-272,285	-291,340	19,055	6.5
Group total	**1,065,235**	**1,158,632**	**-93,397**	**-8.1**

Key figures for the results of operations **EUR thousand**	**2020**	2019	Absolute change	Percentage change
Revenue	**1,065,235**	**1,158,632**	**-93,397**	**-8.1**
Other income	46,190	65,178	-18,988	-29.1
Share in profit (loss) of companies accounted for using the equity method	-61,705	22,787	-84,492	-370.8
Cost of materials	-454,905	-528,184	73,279	13.9
Personnel expenses	-455,476	-452,245	-3,231	-0.7
Other expenses	-131,577	-130,869	-708	-0.5
Depreciation and amortization expense, impairment losses	-115,432	-88,869	-26,563	-29.9
EBIT	-107,670	46,430	-154,101	-331.9
Financial result	-8,457	-8,886	429	4.8
EBT	**-116,127**	**37,544**	**-153,671**	**-409.3**
EBT margin (in %)	**-10.9**	**3.2**	**-14.1**	**-435.1**
Consolidated profit or loss for the period	-120,174	32,588	-152,762	-468.8

EBT by segment **EUR thousand**	**2020**	2019	Absolute change	Percentage change
AUTOMOBILE	-8,998	19,324	-28,322	-146.6
CONTRACT	-13,891	7,436	-21,327	-286.8
CONTAINER	-67,274	23,699	-90,973	-383.9
Reconciliation	-25,964	-12,915	-13,049	-101.0
Group total	**-116,127**	**37,544**	**-153,671**	**-409.3**

increased post-employment, other employee benefit and anniversary costs.

Depreciation and amortization expense rose by EUR 26,563,000 in the 2020 financial year. This increase resulted with EUR 25,160,000 from impairments and relates in particular with EUR 10,795,000 to the goodwill of BLG Sports & Fashion and with EUR 8,754,000 to the goodwill of CGU Spedition.

The financial result improved slightly on the previous year by EUR 429,000 to EUR -8,457,000. The slightly lower interest income was overcompensated by the EUR 1,556,000 lower expenses from the interest cost of provisions and liabilities.

Against the background of the described conditions, earnings before taxes (EBT) decreased very sharply by EUR 153,671,000 to EUR -116,127,000 in large part due to the effects of the coronavirus pandemic. Correspondingly, the EBT margin is -10.9 percent (previous year: 3.2 percent).

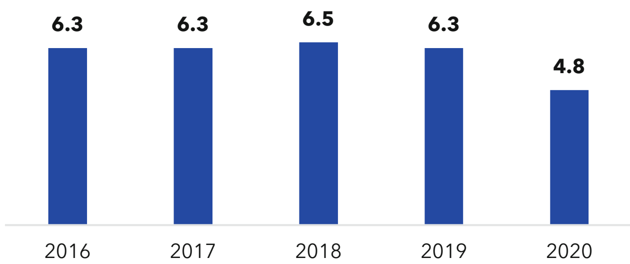
Income taxes in the reporting year were EUR 4,047,000 (previous year: EUR 4,956,000). Current taxes in fact increased by EUR 2,131,000, as in the previous year they were offset by reimbursements for prior periods amounting to EUR 4,868,000. Furthermore, in particular the positive change in deferred taxes (EUR 3,040,000) also had an effect.

Accordingly, consolidated net profit for the period fell sharply by EUR 152,762,000 to EUR -120,174,000 year-on-year.

AUTOMOBILE Division

EUR thousand	2020	2019
Revenue	521,377	603,734
EBT	-8,998	19,324
EBT margin (in %)	-1.7	3.2

The AUTOMOBILE Division is the leading technical and logistics service provider for the international automotive industry. In this business area, the company offers multimodal transport concepts with global logistics reach and dovetails individualized and innovative technical service packages.



Vehicles handled (in millions)

The impact of the coronavirus pandemic led to the biggest crisis in the automotive sector since the Second World War. On top of the already challenging transition from combustion engines to the new era of alternative drives and connectivity, our customers' sales deteriorated by a quarter. This had a direct effect on the volumes of all business areas in the AUTOMOBILE Division. Consequently, in the 2020 financial year the volume of vehicles handled in the division's network was considerably lower than in the previous year at 4.8 million (previous year: 6.3 million vehicles).

Seaport terminals business area

In the seaport terminals business area, the volume of cars handled decreased significantly. At our largest transshipment facility, AutoTerminal Bremerhaven, 1.7 million vehicles (previous year: 2.1 million) were handled, transported, and technically processed in 2020, which was around 20 percent down on the previous year. Our car terminal in Cuxhaven reported a similar percentage decline. The coronavirus pandemic also had a significant impact on material costs and productivity as a result of the important and necessary hygiene and social distancing measures.

Despite the volume reductions, a comparatively better level was achieved in the area of seaport terminal technology. Appropriate measures such as short-time work had a mitigating effect on the business area's clearly negative earnings.

XXL Logistics business area

The handling volume in the XXL Logistics business area was lower than in the previous year due to the impact of the coronavirus pandemic and the flagging global economy (Bremerhaven location: 1.1 million metric tons; previous year: 1.3 million metric tons). While volumes picked up again considerably from midyear, they were still subject to high fluctuations, especially at our Bremerhaven facility. On a cumulative basis, there has been a shift in volumes toward lower value-added business. The Neustadt port site in Bremen reported high tonnages at times (especially for forest products) and a correspondingly high staffing level. A high rate of sick leave, the need to hire additional external staff and the social distancing and hygiene measures had a counteractive effect on productivity, resulting in a drop in tonnage from 1.35 million metric tons to 1.2 million metric tons.

In the wind energy sector, external order volume again failed to materialize. Overall, the business area posted a slightly negative year-end result.

The XXL Logistics business area was dissolved at the end of 2020. The WindEnergy and High&Heavy cargo handling segments in Bremerhaven will in the future be included in the seaport terminals business area and the expertise bundled in heavy goods handling. The BLG Cargo location at Neustadt port in Bremen will also be assigned to the seaport terminals business area from 2021.

Inland terminals business area

Despite high volume reductions as a result of the coronavirus pandemic, the inland terminal business area was able to sustain its upward momentum and closed the year with a positive result. The Kelheim location in particular made a considerable contribution to earnings thanks to high volumes and significant vertical integration. Increased activities in the areas of lessors, fleets and remarketing contributed to the positive earnings result.

Car transport and AutoRail business areas

Despite the adverse effects of the coronavirus pandemic, the car transport and AutoRail business areas also closed the 2020 financial year with a positive result. Despite volume downturns of 20 to 30 percent, new, cross-border transports were gained. The recovery of the global economy from midyear on also led to increased traffic and capacity utilization. Negative factors in the form of necessary improvements to the rail infrastructure and expansion of the route network continue to exist.

The CarShipping sector, which includes car transport by special inland waterway vessels, also made a positive contribution to the earnings of the car transport business area in 2020, due in particular to special orders.

Southern/Eastern Europe business area

In the Southern/Eastern Europe business area, terminal and transport business in Gdansk/Poland and transport business in St. Petersburg/Russia developed positively despite the coronavirus crisis. In particular, empty vehicle mileage was reduced and international transports to former CIS countries were expanded. The business area's other locations performed as could be expected in light of the prevailing circumstances. On balance, the business area was therefore able to close the year with an almost neutral result.

Due to the developments described above and the high volume reductions above all in the seaport terminals business area, EBT in the AUTOMOBILE Division decreased year-on-year from EUR 19,324,000 to EUR -8,998,000.

CONTRACT Division

EUR thousand	**2020**	2019
Revenue	552,621	563,934
EBT	-13,891	7,436
EBT margin (in %)	-2.5	1.3

The CONTRACT Division manages complex projects and offers its customers reliable upstream and downstream logistics solutions. We work at our logistics centers and our customers' production facilities and warehouses at over 40 locations in Europe and overseas.

Industrial logistics (Europe) business area

Due to the effects of the coronavirus pandemic with plant shutdowns and volume reductions on the part of our customers, the industrial logistics (Europe) business area also performed well below the original targets. From the middle of the 2020 financial year, the direct impact of the global coronavirus pandemic gradually diminished and operating business at most of our locations picked up again steadily. However, the production volumes of our customers, particularly from the automotive sector, have in some cases fallen on a sustained basis. It was possible to mitigate the effects of this through countermeasures such as cost reductions and process improvements.

In Bremen, we were able to expand our business with our most important automotive customer on a long-term basis. At the Stuttgart and Berlin/Brandenburg locations, new businesses successfully started up. The business area closed the financial year with a significant loss.

Industrial logistics (overseas) business area

All of our customers and locations in the industrial logistics (overseas) business area were affected by government-imposed lockdowns and the slow production restarts. However, from midyear onwards our locations in the US, South Africa, Malaysia and India saw improvements. The new Retail Services sector in the US was able to mitigate the clearly negative earnings performance of the business area overall.

Retail logistics business area

The retail logistics business area stood out in the crisis for its positive business development in the reporting year. Although the closure of bricks-and-mortar retail outlets during the lockdown led to declines in the textiles and furniture segments in particular, those locations with e-commerce activities fared extremely well. Our Bremen, Elsdorf, Emmerich and Frankfurt locations in particular surpassed expectations. We also successfully forged ahead with the start-up phase of our large-scale new facilities in Schlüchtern and Schlüsselfeld/Geiselwind. The Sports & Fashion sector, on the other hand, suffered substantial losses as expectations regarding the new businesses were not yet met, and restructuring and other non-recurring costs also had a negative impact on earnings.

Overall, the retail logistics business area outperformed the projected earnings targets in 2020 and closed the financial year on a positive note.

Freight forwarding business area

Gross forwarding revenue in the freight forwarding business area plummeted as a result of the coronavirus pandemic. Sea and air freight volumes were also still lacking. This situation was confounded by equipment bottlenecks (in particular in sea freight) and an extreme price war, especially in air freight. Despite exploiting cost-saving potential, it was not possible to prevent the business area from closing the year with a substantial loss.

As a result of the developments described, EBT in the CONTRACT Division shrank year-on-year by EUR 21,327,000 to EUR -13,891,000.

CONTAINER Division

EUR thousand	2020	2019
Revenue	263,522	282,304
EBT	-67,274	23,699
EBT margin (in %)	-25.5	8.4

The CONTAINER Division of BLG LOGISTICS is represented by half of the company shares in the joint venture EUROGATE GmbH & Co. KGaA, KG. This company operates, in some cases with partners, container terminals in Bremerhaven, Hamburg and Wilhelmshaven (Germany), at the Italian locations La Spezia, Ravenna and Salerno, and in Limassol (Cyprus), Lisbon (Portugal), Tangier (Morocco) and Ust-Luga (Russia). The EUROGATE Group also has holdings in a number of inland terminals and railway operating companies.

The CONTAINER Division's business mainly involves container handling. Intermodal services, such as the carriage of sea containers to and from the terminals, repairs, depot storage and trading of containers, cargomodal services and technical services are also offered as secondary services.

The decline in revenue in the EUROGATE Group, despite increased volume growth at both the EUROGATE Container Terminal Bremerhaven GmbH multi-user terminal and at EUROGATE Container Terminal Hamburg GmbH, is attributable to a significant decrease in average prices per container.

The Group's EBT (50 percent) is considerably below the previous year's level and at EUR -67,274,000 (previous year: EUR 23,699) showed a substantial loss. In addition to declining average selling prices and pandemic-related factors influencing handling development, the development of earnings also reflected above-average cost increases. Earnings in the 2020 financial year were also weighed down by substantial non-recurring expenses due to impairment losses on non-current financial assets in the amount of EUR 37.0 million (50 percent stake) and extraordinary expense for the restructuring of individual entities (EUR 20.9 million). With sharply decreasing and negative income from associates, a net loss of EUR 60.6 million was reported for the 2020 financial year (previous year: net profit of EUR 22.8 million). For the reasons mentioned above, earnings in the 2020 financial year were significantly lower than originally forecast.

EARNINGS FOR 2020

-116.1 million	1,065 million	-10.9%
EBT	Revenue	EBT margin

Comparison of results of operations in 2020 with the forecast for the 2020 financial year

	Forecast 2020	Actual 2020
EBT	Significant decline	Significant decline
Revenue	Significantly below the previous year's level	Significantly below the previous year's level
EBT margin	Significant decline	Significant decline

At the time of preparing the previous year's 2019 report, it was not yet possible to foresee the extent to which the coronavirus pandemic would impact our business. We were already predicting that the coronavirus crisis would have a severe negative effect on volumes, revenue and earnings. In addition, existing uncertainties such as the trade conflict between the US and China, the further course of Brexit, the weak demand for investment goods and the existing "automotive crisis" took their toll.

Against this background, we assumed that EBT and the EBT margin would decline significantly and that earnings would be considerably below the previous year's level. Our forecasts were based on assumptions that deviated in part from the conditions that occurred in the 2020 financial year.

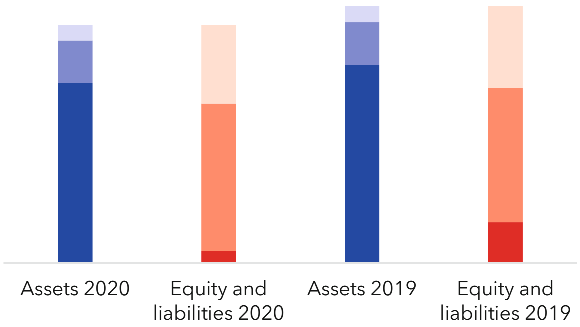
Given the effects on operating business described above and the additional measurement adjustments to be made, our forecast proved accurate. As expected, EBT declined significantly by EUR 153,671,000 to EUR -116,127,000. At EUR 1,065,235, revenue was down considerably on the previous year's level by around 8.1 percent. Corresponding to earnings, the EBT margin is -10.9 percent (previous year: 3.2 percent).

In the AUTOMOBILE Division, EBT was down in particular because of the impact of plant closures in the automotive sector and consumer reticence. This was compounded by the "automotive crisis" that was already evident before the onset of the coronavirus pandemic. Among other things, the automotive industry is challenged by the transition from combustion engines to alternative drive systems. The positive earnings results in the inland terminals, car transports and AutoRail business areas were not sufficient to compensate for the large reduction in volumes and associated losses at the seaport terminals. The XXL Logistics business area also faced declining and fluctuating volumes. Important and necessary hygiene and social distancing measures designed to protect the health of our employees, customers and suppliers had an adverse effect on productivity in this division, which closed the 2020 financial year with EBT of EUR -8,998,000.

In the CONTRACT Division, the drop in earnings was attributable in particular to the industrial logistics (Europe and overseas) business areas with their many customers from the automotive sector. They were especially hard hit as a result of the lockdown measures and the knock-on effects of the coronavirus pandemic. The retail logistics business area developed positively during the crisis and had a mitigating effect on the negative earnings performance of the division as a whole. Although the closure of bricks-and-mortar retail outlets led to declining volumes in the textiles and furniture segments, those locations with e-commerce activities contributed significantly to the positive result. Freight forwarding suffered from volume shortages and fierce competition during the financial year. This results in EBT of EUR -13,891,000 for the CONTRACT Division, which is substantially lower than in the previous year.

Total throughput volumes and revenue in the CONTAINER Division were below the previous year's level as a result of the meanwhile lower volumes due to the coronavirus pandemic and persistently fierce competition. A significant earnings downturn had been forecast for the EUROGATE Group for the 2020 financial year; however, earnings (EBT) were further depressed compared with the original forecast due to extraordinary expense for restructuring as well as the unanticipated impairment losses on non-current financial assets and, at EUR -67,274,000, were down sharply.

Net assets



Structure of statement of financial position

In the reporting year, total assets amounted to EUR 1,194,093,000 and were therefore significantly below the previous year's figure of EUR 1,288,303,000. Of the reduction of EUR 94,210,000, EUR 59,510,000 alone was attributable to equity-accounted investments. In particular, the earnings of the CONTAINER Division described above reduced the recognition amount.

Accordingly, non-current assets fell by EUR 88,135,000 in total to EUR 903,201,000. The increase in non-current assets of EUR 107,758,000 due to investments in non-current intangible assets and property plant, and equipment (of which EUR 37,868,000 non-cash) compares to divestments of EUR 19,174,000 and depreciation and amortization expense in the amount of EUR 115,432,000, which was EUR 26,563,000 higher (due to impairments, see above). The capitalization ratio increased to 50.5 percent, a rise of 1.4 percentage points compared to December 31, 2019.

A detailed breakdown of the fair values of financial assets and liabilities and disclosures on hedging instruments can be found in note 32 to the consolidated financial statements.

Key figures for net assets EUR thousand	**2020**	2019	Absolute change	Percentage change
Total assets	1,194,093	1,288,303	-94,210	-7.3
Capitalization ratio (in %)	50.5	49.2	1.4	2.8
Working capital ratio (in %)	73.5	72.2	1.3	1.8
Equity	59,741	203,364	-143,622	-70.6
Equity ratio (in %)	5.0	16.0	-11.0	-69.0
Net debt	676,904	611,895	65,010	10.6

EUR thousand	**Carrying amount 12/31/2020**	Carrying amount 12/31/2019	Absolute change	Percentage change
Non-current loans	167,436	104,711	62,725	59.9
Finance lease liabilities	536,420	556,491	-20,071	-3.6
Total	**703,856**	**661,202**	**42,654**	**6.5**

Net debt EUR thousand	**2020**	2019	Absolute change	Percentage change
Non-current loans	146,387	86,117	60,270	70.0
Other non-current financial liabilities	513,305	511,562	1,743	0.3
Current financial liabilities	228,297	232,634	-4,336	-1.9
Financial liabilities	**887,990**	**830,313**	**57,678**	**6.9**
Non-current finance receivables	197,729	196,849	880	0.4
Cash and cash equivalents	13,357	21,569	-8,212	-38.1
Net debt	**676,904**	**611,895**	**65,010**	**10.6**

The Group's net debt increased to EUR 676,904,000 in the 2020 financial year (previous year: EUR 611,895,000). This is mainly due to the increase in non-current loans taken out of EUR 62,725,000 to EUR 167,436,000. Thus, among other things, current liabilities were settled and investments were financed.

Financial position

Based on the earnings before taxes of EUR -116,127,000 achieved in 2020, a cash flow of EUR 27,264,000 was generated from operating activities (previous year: EUR 65,701,000). The free cash flow of EUR -5,625,000 was in the negative range and EUR 75,142,000 below the previous year's figure of EUR 69,517,000.

The lower earnings before taxes described in the results of operations (change EUR -153,671,000) was the main reason for the reduction in cash flow from operating activities. Due to the indirect method of calculation, the impairment losses in the amount of EUR 25,160,000 (see remarks above) as well as the negative earnings of companies accounted for using the equity method (EUR -61,705,000) had a contrary effect.

Cash flow from investing activities changed by EUR -36,704,000 to EUR -32,889,000 in the reporting year. This is due mainly to a EUR 26,701,000 decline in proceeds from dividends received. In addition, capital expenditure on property, plant and equipment and intangible assets increased by EUR 15,504,000 in total. Lower investments in companies accounted for using the equity method had the opposite effect.

Cash flow from financing activities improved significantly by EUR 57,367,000 to EUR -14,706,000 in the reporting year. Increased proceeds from financial loans (change EUR 75,342,000) were offset by increased repayment of short-term financing from investees (EUR 45,267,000).

In total, cash and cash equivalents decreased by EUR 22,354,000 to EUR -63,941,000 in the financial year.

Outstanding investments are financed taking into account the operating cash flows generated in the divisions, and, subject to the capital market situation, from equity, from non-current loans and through leasing.

Key figures for the financial position **EUR thousand**	**2020**	2019	Absolute change	Percentage change
Cash inflow from operating activities	27,264	65,702	-38,438	-58.5
Cash in-/outflow from investing activities	-32,889	3,815	-36,704	-962.1
Free cash flow	**-5,625**	**69,517**	**-75,142**	**-108.1**
Cash in-/outflow from financing activities	-14,706	-72,073	57,367	79.6
Net cash change in cash and cash equivalents	**-20,331**	**-2,556**	**-17,775**	**-695.4**
Effect of exchange rate changes on cash and cash equivalents	-2,024	595	-2,619	-440.2
Cash and cash equivalents at start of financial year	-41,586	-39,626	-1,960	-4.9
Cash and cash equivalents at end of financial year	**-63,941**	**-41,587**	**-22,353**	**-53.7**
Composition of cash and cash equivalents				
Cash	13,357	21,569	-8,212	-38.1
Current liabilities to banks	-77,298	-63,156	-14,142	-22.4
Cash and cash equivalents at end of financial year	**-63,941**	**-41,587**	**-22,354**	**-53.8**

As of the reporting date, lines of credit to the value of EUR 51.5 million had been agreed but not used.

A detailed statement of cash flows can be found in the Consolidated financial statements. Disclosures on the statement of cash flows can also be found in note 37 to the consolidated financial statements.

Opportunity and Risk Report

Opportunity and risk management principles

Corporate activity is accompanied by opportunities and risks. For BLG LOGISTICS, the responsible management of possible opportunities and risks is a core element of sound corporate governance. Our opportunities and risks policy aims to increase the company's value without taking any inappropriately high risks.

Opportunities

Uncertain events that increase the company's value and may be the outcome of developments that are more favorable than planned.

Risks

Possible future developments that are unfavorable to the attainment of short-term strategic goals or that are hazardous or even threaten the existence of the company through a reduction in the company's value.

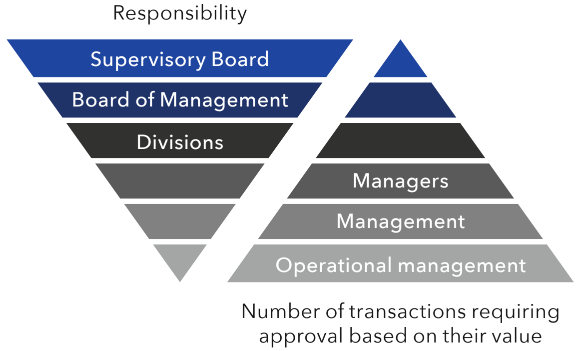
Risk management in BLG LOGISTICS is mainly derived from the goals and strategies of the individual business areas. It aims to recognize potential risks in good time, take suitable countermeasures to avert the threat of damage to the company and eliminate any threat to the company's continued existence.

The strategic orientation of BLG LOGISTICS, which operates both within Germany and internationally, is highly diversified. Thus the structure of having three divisions together with a number of associated business areas leads to a certain degree of autonomy. Significant capital expenditure is mainly substantiated and backed up through contracts with customers.

Opportunity and risk management system

The Board of Management is responsible for the opportunity and risk management system. The Supervisory Board and the Audit Committee monitor and examine the system to ensure it is appropriate and effective. The responsibility for identifying and managing significant risks and opportunities is managed centrally within BLG LOGISTICS. Different levels and organizational units are integrated into the system.

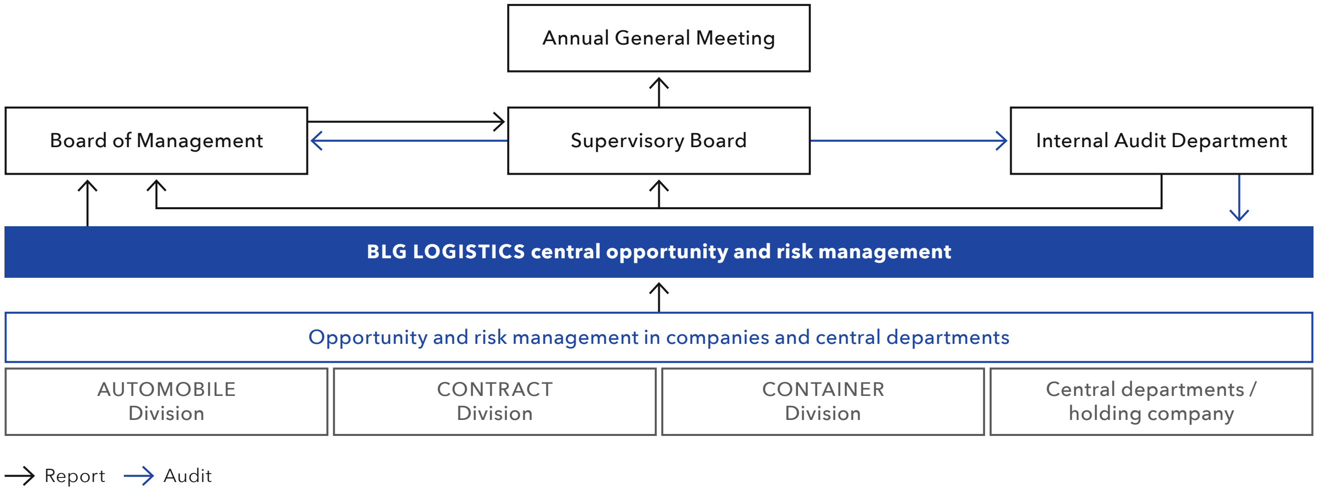
The relationship between expertise and frequency of decision-making can be seen in the following diagram:



Communication channel and responsibilities in BLG LOGISTICS' opportunity and risk management system

In order for us to achieve our goals, measured by earnings before taxes (EBT), the broad spectrum of our logistics services requires the early identification of potential opportunities and risks. The Board of Management and the managers, as well as the Supervisory Board, receive monthly reporting on the key figures of BLG LOGISTICS. This is intended to ensure the creation of added value over the long term and to prevent any threat to the company's continued existence. The central components of the opportunity and risk management system are therefore the planning and management process, the rules within the Group, and reporting. We give special consideration to opportunities and risks arising from strategic decisions, from the markets, from the operating activities and from financing and liquidity.

Opportunity and risk management at BLG LOGISTICS



BLG LOGISTICS' principles of risk management are documented and published in a guideline. Risk managers and risk coordinators are appointed in the divisions and in the central and administrative departments in order to ensure that the risk management system runs efficiently. This ensures that risks and risk mitigating measures (risk avoidance and reduction, or the transfer of risk through insurance) and opportunities are identified and evaluated in the area of the business where they actually arise. The centrally implemented risk management department is responsible for coordinating the Group-wide identification, assessment and documenting of opportunities and risks. An IT-supported risk management system serves as the basis for this.

The risks and the related measures defined within the strategy which we currently believe could have a material adverse effect on our net assets, financial position and results of operations are identified, assessed and monitored on an ongoing basis in the sense of a permanent inventory. These are not necessarily the only risks to which BLG LOGISTICS is exposed. Other influences of which we are not yet aware or which we do not yet consider to be significant may also affect our business activities but are not included in the risk report.

The Internal Audit department is also integrated in risk communication within BLG LOGISTICS as a process-independent monitoring entity.

As a company with international operations and a broad spectrum of different services, BLG LOGISTICS is exposed to a variety of risks. These are analyzed through ongoing monitoring of both the macroeconomic environment and, especially, global logistics trends, and are taken into account in business decisions. Services and infrastructure risks as well as financial risks comprise the majority of the overall risks.

Insurance policies are taken out where available and economically viable in order to minimize the financial effects of possible damage. The cover provided and amount insured under these policies is examined on an ongoing basis.

In order to counteract potential risks which could arise in particular under a wide range of geographic, employment, cartel, customs, capital market, tax, contractual, environmental and competition regulations and legislation, BLG LOGISTICS bases its decisions and the design of its business processes on comprehensive legal advice, as well as on input from in-house and external experts. To the extent that legal risks relate to past circumstances, necessary accounting provisions are created and their appropriateness examined at regular intervals.

Aims and methods of financial risk management

The principal financial instruments used to finance the Group include non-current borrowings, current loans and cash, including short-term deposits with banks. The focus is on financing the operations of BLG LOGISTICS. BLG LOGISTICS has access to a range of other financial instruments, such as trade receivables and payables, that arise directly as part of its operations.

Financial risk management is the responsibility of the Treasury department, whose tasks and objectives are described in a guideline approved by the Board of Management. The central task besides managing liquidity and arranging financing is the minimization of financial risks at Group level. This includes preparing and analyzing financing and hedging strategies and contracting hedging instruments.

The material risks for the Group resulting from financial instruments are credit risks, foreign currency risks, liquidity risks and interest rate risks. The Board of Management creates risk management guidelines for each of these risks, which are summarized below, and verifies compliance with these guidelines. At Group level the existing market price risk for all financial instruments is also monitored.

Capital risk management

An important capital management goal for BLG LOGISTICS is to ensure the ability of the company to continue as a going concern in order to provide earnings to shareholders and to provide other stakeholders with the benefits to which they are entitled. Additional goals are to optimize liquidity security and maintain an optimum capital structure in order to reduce the costs of capital in general and the refinancing risk in particular in the long term.

BLG LOGISTICS monitors its capital on the basis of the equity ratio and other key figures. Assurances have been made to all partner banks with regard to equal treatment and the change-of-control clause.

In 2020, the strategy continued to be to secure access to external funds at acceptable costs.

Description of the main features of the internal control and risk management system with regard to the accounting process in accordance with Section 315 (4) HGB

Definition and elements of the internal control and risk management system

The internal control system of BLG LOGISTICS with regard to the accounting process includes all principles, procedures and measures to ensure the correct and legally compliant recognition, measurement and presentation of business transactions in the financial statements. The aim is to avoid any material misstatements in accounting and external reporting.

Since the internal control system is an integral component of risk management, it is presented in a condensed form.

The internal management and monitoring systems are components of the internal control system. The Board of Management of BLG LOGISTICS has assigned responsibility for the internal management system in particular to the Financial Services department (incl. financial controlling, finance and accounting), which cooperates closely under one management and with a focus on processes.

The internal monitoring system comprises controls that are both integrated into and independent of the accounting process. The controls integrated into the process particularly include the dual control principle, the separation of functions between related departments (particularly creditor and treasury management) and IT-supported controls, as well as the involvement of internal departments such as Legal or Tax departments and of external experts.

Controls that are independent of the process are carried out by the Internal Audit department (e.g. compliance with the authority and signature guideline and the purchasing guideline), the Quality Management department and the Supervisory Board, in the latter case principally through its Audit Committee. The Audit Committee concerns itself in particular with the accounting for the company and the Group, including reporting. The activities of the Audit Committee also focus on the risk situation, the further development of risk management and compliance issues. This also includes the effectiveness of the internal control system.

Process-independent audit activities are also performed by external auditing bodies such as the auditing company or the external tax auditor. With regard to the financial reporting process, the audit of the annual and consolidated financial statements by the auditing company forms the main component of the process-independent review.

Accounting-related risks

Accounting-related risks can arise, for example, through the conclusion of unusual or complex business dealings or the processing of non-routine transactions.

Potential risks also result from discretionary scope in the recognition and measurement of assets and liabilities, or from the effect of estimates on the annual financial statements, such as for provisions or contingent liabilities.

Accounting process and measures to ensure its correctness

Business transactions are generally accounted for in the separate financial statements of the subsidiaries of BLG LOGISTICS using the standard software SAP R/3. The consolidated financial statements are prepared using the SAP consolidation module EC-CS, with the separate financial statements of the companies included in the consolidation being combined, if necessary after adjustment to comply with international financial reporting standards. The separate financial statements of foreign subsidiaries and domestic subsidiaries not integrated into the SAP system are included on the basis of the standardized, Excel-based reporting packages audited by audit firms, which are transferred into the EC-CS consolidation system by way of flexible uploads. This is a standard interface in SAP.

BLG LOGISTICS has issued accounting guidelines for financial reporting in accordance with International Financial Reporting Standards (IFRSs) to ensure consistent recognition and measurement. In addition to general principles, these guidelines cover in particular accounting principles and methods and regulations on the income statement, consolidation principles and special topics. To ensure the implementation of consistent, standardized and efficient accounting and financial reporting, guidelines for uniform Group-wide accounting have also been drawn up. Impairment tests for the Group's cash-generating units are carried out centrally. This ensures that consistent and standardized measurement criteria are used, especially the underlying interest rates. The same applies to the specification of the parameters to be used for the measurement of pension provisions and other provisions based on expert opinions.

When preparing the debt consolidation, internal balances are regularly reconciled in order to clarify and remedy any differences in good time. At Group level, in addition to a validation by the system of the data reported in the separate financial statements, the reporting packages in particular are tested for plausibility and adjusted if necessary.

The disclosures in the notes to the consolidated financial statements are produced mainly from the EC-CS consolidation system and enhanced by additional information on the subsidiaries.

In addition, supporting disclosure management software is used for preparing material separate financial statements and the consolidated financial statements, which uses a uniform data pool and includes validations, history traceability and a clearly defined workflow. A high degree of automation significantly reduces the risk of error and increases efficiency.

Special software is used for tax accounting. Current and deferred taxes are calculated at the level of the individual subsidiaries and the recoverability of the deferred tax assets is tested. Current and deferred taxes to be recognized are thus calculated at the Group level in the statement of financial position and in the income statement, taking into account the effects of consolidation.

Qualifying notes

The internal control and risk management system ensures the correctness of the accounting process and compliance with the relevant legal requirements.

Discretionary decisions, controls containing errors, or malicious acts may, however, limit the effectiveness of the internal control and risk management system, with the effect that the systems established cannot guarantee with absolute certainty that the risks will be identified and managed.

Opportunities

Our business model

As an international Group with three divisions and their business areas, BLG LOGISTICS is exposed to a wide range of trends in the various national and international markets. Based on the business development described in this report and the company's position, the current macroeconomic conditions present various potential opportunities. The effects of sustainable positive economic trends are of overriding importance here. The development of innovative solutions for our customers in the context of future-oriented research projects also has a high priority. For further information, please refer to the “Research and development” section.

We also want to make optimum use of opportunities in the various fields of activity that open up to us in future. The premise for this remains our network, and the innovative intermodal offering in the AUTOMOBILE Division.

The established business models in the trade and industrial logistics business areas offer the CONTRACT Division sales and acquisition opportunities combined with additional automation and digitalization activities in Germany and the rest of Europe. The individual business areas benefit from a continuing growth market because our customers want to improve their own cost structures and make them more flexible through increased outsourcing.

The CONTAINER Division continues to hold that deepening the shipping channel in the Elbe and Outer Weser Rivers for the purpose of securing and positioning the German ports in the North Range is urgently necessary so that ever larger container vessels can call at Bremerhaven and Hamburg without hindrance. The nautical problems caused by the continuing increase in the number of ever larger container ships in Hamburg especially did not improve in the 2020 financial year. Now that the fairway adjustment measures have got underway in the Elbe River, the nautical difficulties will be qualified somewhat following the widening and deepening of the shipping channel. If one or both of these measures should fail or be delayed further, this may have a not inconsiderable negative impact on future cargo handling development at these locations.

However, the CONTAINER Division can offer its customers an excellent alternative with Germany’s only deep-water port, EUROGATE Container Terminal Wilhelmshaven, and its facilities for the handling of container ships with corresponding deep-water access.

Strategic opportunities

AUTOMOBILE Division: We support our customers in the areas of electric mobility and alternative drive systems

Our customers are backing a sustainable and more environmentally friendly future by constructing electric vehicles. Electric mobility is the key to climate-neutral mobility.

BLG’s AUTOMOBILE Division consistently supplements its logistics network with smart digital solutions and sustainable concepts for climate-friendly transport. Thus, we are currently converting our car terminal in Hamburg to make it climate neutral. And we actively advise and support our customers in the area of electric mobility. Alongside sustainability, digitalization is the big topic of the future for the automotive and logistics industries. BLG LOGISTICS is contributing to this by working with partners on a research project to develop complex planning and management tools for car terminals (see remarks below).

In the reporting year, we also expanded the Dodendorf location from a car transportation base into an independent car terminal. It was also developed into an electric mobility location, with an area extension already planned for 2021. Here and at other terminals, BLG LOGISTICS provides services for various manufacturers, including handling, technical processing, quality assurance and customs clearance for electric vehicles, and in this way contributes to the energy transition, while at the same exploiting for itself the opportunities arising from the development of alternative drive systems. In this, we benefit from our international network for handling, technical processing and transport using various modes of transportation (road, rail, inland waterway). We thus cover global logistics for finished vehicles, from the manufacturer to the dealer.

AUTOMOBILE Division: Artificial intelligence supports vehicle handling, “Isabella 2.0” started

In the Isabella research project, an intelligent planning and management system for logistics handling and the movement of cars at the seaports and inland ports was developed and prototypically tested at BLG AutoTerminal Bremerhaven. Isabella concentrated on the terminal processes and internal car shunting activities. Isabella 2.0 is now to integrate the external means of transportation railroad, ships and trucks, including their loading and unloading, and systematically expand the management system and the simulation environment to cover all handling processes. Relevant process parameters, such as the time required for individual process steps or systematically derived route utilization, are determined from operationally acquired data, increasing plannability and hence the efficiency of operational driving processes. BLG LOGISTICS acts in this research project as application partner and overall project leader.

CONTRACT Division: Securing and expanding services for e-commerce and fashion logistics in the retail logistics business area

BLG LOGISTICS has acquired the relevant experience and expertise over the years, especially in the handling of large-scale logistics projects, and has continuously extended this knowledge to a growing number of customers and locations in order to remain a competent, innovative contact partner for its customers in this area.

There was a lot of movement across the CONTRACT Division in 2020 – and this is set to continue in 2021. We acquired new customers or significantly expanded business with existing customers throughout Germany. Based on this development, we continue to see good opportunities for the future and are pursuing the goal of further expanding logistics activities in the field of e-commerce, developing the entire value chain in this area and driving potential equity investments and acquisitions.

CONTRACT Division and Group: Mission Climate and sustainable logistics center as flagship project

The topic of climate protection is right at the top of the agenda - in politics as well as in many companies. We are no exception. The German government is aiming to attain extensive climate neutrality for Germany by 2050; the same target exists at European level. As a logistics company, we want to play our part – and at the same time support our customers in improving their own climate footprint.

We are on a shared mission to protect our climate. Our target is to make BLG LOGISTICS a climate-neutral company by 2030. We are having our absolute target scientifically assessed and certified by the independent Science Based Targets initiative (SBTi). BLG LOGISTICS is thus the first German logistics provider with scientifically recognized climate protection targets.

At the Güterverkehrszentrum (GVZ) in Bremen, Germany's largest cargo distribution center, BLG LOGISTICS is planning a new location for industrial logistics. From “C3 Bremen”, BLG LOGISTICS will provide sustainable and efficient supplies to the foreign assembly plants of a major car manufacturer. With intelligent intralogistics planning and efficient workflows, logistics handling will be tailored to customers' needs. The processes inside the new facility are being designed in line with the lean management principle, supported by cutting-edge automation and digitalization systems. In addition to a comprehensive energy concept, which envisages CO_2-neutral operation of the premises, it is hoped to obtain DGNB certification in Gold as a climate-positive building (DGNB = Deutsche Gesellschaft für Nachhaltiges Bauen – German Association for Sustainable Building). Among other things, it is planned to install a photovoltaic system on the entire roof area. The heating system and hot water production is to be supplemented by a solar thermal plant, and the building shell is consciously being insulated to an above-average standard.

CONTAINER Division: Back to former strength with the “Future EUROGATE” transformation project

In the reporting year, the first internal validation and prioritization steps were taken toward implementing the operational measures planned as part of the transformation process and the relevant employee representatives in the individual companies informed accordingly. From the start of the 2021 financial year, under the working title “Future EUROGATE”, this transformation and the accompanying implementation of a wide range of cost-saving measures and negotiation of organizational measures designed to increase efficiency and productivity will take center stage at the core companies of the EUROGATE Group. These negotiations require the full participation of the management and all employee representatives and a strong sense of responsibility on the part of all those involved in order to achieve the savings target of EUR 84 million p.a. with full recognition through profit or loss as early as possible, but no later than the 2024 financial year, and like this to secure the competitiveness and a viable and sustainable basis for the future of the EUROGATE Group.

Failure to implement the planned cost savings as well as productivity and efficiency improvements in the course of the transformation, or to do so only to a lesser extent, would seriously jeopardize the competitiveness and future viability of the EUROGATE Group. The negotiations began at the start of 2021 and the management is confident of being able to successfully implement the planned measures and associated positive effects within the foreseen timeframe.

Other opportunities

BLG LOGISTICS had first developed and set mandatory climate change targets in the 2012 financial year. These aimed to reduce the company's carbon footprint by 20 percent up to 2020 compared to 2011 (measured in terms of revenue). We had already surpassed this in 2019 with 29.6 percent. Motivated by this success and increased demands, we have set new, further-reaching targets. By 2030, we want to reduce our own greenhouse gas emissions by at least 30 percent in absolute terms compared with 2018 and the greenhouse gas emissions in our supply chain by 15 percent. BLG LOGISTICS will offset the remaining emissions through certified climate protection projects. This will make us a climate-neutral company by 2030. You will find more information in our Sustainability Report at ↗ *reporting.blg-logistics.com*

With this, BLG LOGISTICS is increasing transparency with regard to its climate footprint and boosting its credentials in the area of climate-neutral logistics. This also presents the opportunity to offer its target group climate-neutral services that do not burden their climate footprint.

Risks

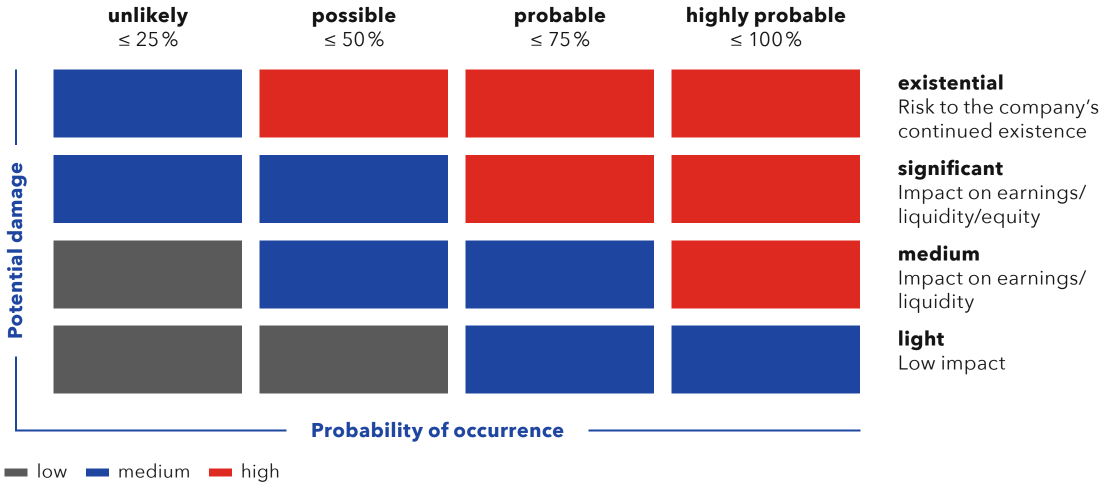
Ongoing effects of the coronavirus crisis
The coronavirus crisis and the resulting government measures to contain the pandemic are having a significant impact on volumes and earnings in all business divisions and business areas of BLG LOGISTICS. The original forecasts for the 2020 financial year will therefore not be achieved and the 2021 financial year will continue to be characterized by the ongoing restrictions. We present our current estimates in our ▸Outlook.

In the AUTOMOBILE and CONTAINER Divisions, import and export restrictions have an influence on the sequence of processes in the flows of goods. In the reporting year, volumes in some cases deteriorated by up to 80 percent, thus directly affecting revenue. In the CONTRACT Division, too, closures of service sectors in some business areas have led to substantial revenue losses due to lacking volumes. To compensate for the impacts of COVID-19, containment measures such as introducing short-time work, reducing the number of temporary staff, suspending investment activities and deferring the release of government grants have been put in place.

A sustained deterioration in the earnings situation may lead to impairment of non-current financial assets in the context of the measurement of goodwill.

Risk categories and individual risks
From the risk types defined for BLG LOGISTICS, the material risks for BLG LOGISTICS by risk category are described in the following sections. In selecting materiality, risks are included that would have a noticeable effect on the company's net assets, financial position and results of operations if they were to occur. In principle, the assessment is made on the basis of scenarios, taking into account all known influencing factors from opportunities and risks.

Risk matrix



Risk	Potential damage	Probability of occurrence	Trend compared with previous year
Strategic risks	significant	unlikely	→
Market risks	existential	unlikely	↗
Political, legal and social risks	medium	possible	→
Service and infrastructure risks	significant	unlikely	→
Financial risks	medium	unlikely	↗

The necessary measures or provisions are then derived from the spectrum of the best and worst expectations. A standardization process has been specified for this procedure which involves dividing the risks into the categories of strategic risks, market risks, political, legal and social risks, performance and infrastructure risks, and financial and other risks.

Unless otherwise apparent, the risks shown are linked to the affected segment.

An overview of material risks is presented in the table.

Strategic risks

Risks from acquisitions and investments

In recent years, BLG LOGISTICS has grown through various acquisitions both in Germany and abroad. As part of process and quality management, a uniform guideline (M&A guideline) on the procedure to be followed for all share purchases has been drawn up for this purpose. This draws on both in-house and external advisers. This ensures that all risks associated with an acquisition or investment are taken into consideration and assessed.

Despite this, in particular political, legal or economic risks associated with share purchases in other European countries cannot be ruled out. The social environment when sourcing employee capacity and integrating the relevant third-party company culture into the structures and processes of BLG LOGISTICS present specific challenges. The strategic direction of the AUTOMOBILE Division towards Eastern Europe poses risks particularly in the area of economic capital maintenance and safeguarding service expertise. This circumstance is taken into account by our own “Southern/Eastern Europe” business area, in which professional, language and consulting abilities are bundled together.

Investments made in the past may entail a requirement for subsequent decisions, assuming continuation of the strategic decisions and statements made with the investments. The required subsequent investments associated with these decisions must be considered and evaluated overall under new premises, due to partly changed market and macroeconomic conditions. If these changed conditions continue in the long term, there may be future requirements for BLG LOGISTICS to write-down the entire investment.

Market risks

Threat to market position and competitive advantages
The AUTOMOBILE Division continues to devote particular attention to competition with car terminal operators at the Western European ports, the growing significance of the Baltic Sea ports in short-sea transport and the Southern ports.

The contractually agreed prices for seaport cargo handling coupled with the persistently strong competitive pressure represent continuous challenges for us.

Due to the increasing shareholdings of shipping companies in seaport terminals, the internal optimization of shipping companies may result in further shifts in volumes at the expense of the Bremerhaven seaport terminal.

For seaport logistics in break bulk cargo business and project logistics the risks are essentially connected with the overcapacities at the North Sea ports and the related high competition and price pressure.

In the CONTRACT Division the principal risks are rapid replaceability and substitutability as a service provider. In the industrial logistics and retail logistics business areas there is a strong dependence on a single large customer. The logistics services performed there are, as a rule, personnel-intensive. In addition, customers are applying significant price pressure. We meet these challenges through extensive customer-specific optimizations, longer contract periods and continued development of the customer base.

In the CONTAINER Division, in addition to the macroeconomic trends, there are further influences and risks which affect future handling and transport demand and the associated handling volumes of our container terminals. As in the previous years, these include

- commissioning additional terminal handling capacity in the North Range and in the Baltic region,
- commissioning additional large container vessels and related operational challenges in ship handling (peak situations),
- the market, network and process changes resulting from the changes in the structure of the shipping company consortia, and
- price structures in the market.

In terms of customers, possible insolvencies could have an effect on shipping company consortia and on the structure of services and volumes.

After HMM switched from the 2M alliance to THE Alliance in the fall of 2019, three major consortia have continued unchanged to dominate market activity on the customer side:

- 2M with the individual shipping companies Maersk and MSC
- Ocean Alliance with the individual shipping companies CMA CGM, COSCO, Evergreen, and OOCL
- THE Alliance with the individual shipping companies Hapag-Lloyd, HMM, ONE, and Yang Ming.

The trend on the part of the shipping lines to commission additional large container vessels, in the meantime in excess of 23,000 TEUs, continues unabated. In light of this trend, the number of large container ships docking at the terminals of the EUROGATE Group can be expected to further increase.

Because the container terminals still have free capacity, at least in the medium term, the market power of the remaining consortia or shipping companies is increasing as a result of consolidation, as is the associated pressure on revenue and the need to identify and implement further cost reductions and efficiency improvements at the container terminals as well as for standardization and automation measures.

Dependency on the economic cycle and macroeconomic risks
As a logistics service provider with a global focus, BLG LOGISTICS is highly dependent on production and the associated flow of goods in the global economy. The dependency on both the manufacturing industry and on consumer behavior can be viewed as the largest risk. In addition to the current significant impediments due to the impact and constraints resulting from the coronavirus pandemic, other influencing factors on our business in this area are high energy and raw material costs, increasing restrictions on international trade, persistent foreign trade imbalances and the increase in political conflicts.

Due to the coronavirus pandemic and the related protective measures taken by many governments, many supply chains have been disrupted and there is a reluctance to invest and consume. The longer it takes for the global economy and daily life to return to normality, the greater the impacts on our business will be, as many of our locations are likely to experience volume declines, especially those dependent on the automotive industry. In addition to consumer reticence and disrupted supply chains, the latter is also affected by the transition from the combustion engine to alternative drive systems.

Ultimately it could be years before economic activity returns to pre-crisis levels and we may in the future have to learn to live with new virus mutations and pandemics.

With the election of the new president of the United States, it is likely that the trade disputes between the US and the EU will relax again – in contrast to the conflicts between the US and China, which can continue to have an impact on the global economy and consequently also on our business activities.

The completion of Brexit, including the still-to-be-negotiated future relationship between the EU and the United Kingdom, will not in our current estimate have a significant impact on our business. The same applies to the continuing low-interest rate phase.

Changes to legislation and in taxes or duties in individual countries may also have a significantly damaging effect on international trade and result in considerable risks for BLG LOGISTICS. However, due to the diversification referred to and described at the start of the Risk management section, there is no risk to the company’s continued existence.

The persistent shortage of skilled personnel and an above-average susceptibility to insolvency among both service providers and customers involved in straightforward transport and logistics services present further general risks for BLG LOGISTICS.

Sector risks
The growth markets in Asia, Africa, South America, the US and Central and Eastern Europe are particularly important with regard to the global development of finished vehicle logistics. These markets still have high potential, but the economic conditions in some countries in these regions are impeding the expansion of the logistics businesses located there.

The risk of a shift, particularly of the transportation of goods by commercial vehicles to other modes of transport, cannot be completely ruled out.

Western Europe is the main market for BLG LOGISTICS. Through the opening up of Western Europe to the East, increasing volumes of Eastern European transport capacity have accessed our main market, leading to tough competition and a slump in prices. There is also a dependency on the volume of exports of the automotive industry in Europe to overseas. The markets of China, the US, Japan and Korea are of special significance.

Employment in car parts logistics (industrial business area) is dependent on production in the foreign plants of the German original equipment manufacturers (OEMs) that are supplied with parts via our logistics centers worldwide. There is a continued tendency in this area to be dependent on just a few major customers.

Political, legal and social risks

Legal and political environment
It cannot be ruled out that the company could be hit with additional transport costs due to a price increase on the international crude oil markets, tolls, other traffic routing levies or additional tax burdens which cannot be passed on directly to our customers without being recognized as an expense.

Because of the United Kingdom’s exit from the European Union (“Brexit”) and the single market, it cannot be ruled out that this will also have negative effects on BLG LOGISTICS’ customers and their goods flows. However, no material risks are currently identifiable here.

The ongoing trade dispute between the US and China may affect our customers’ business and have a knock-on effect for BLG LOGISTICS in terms of volumes. At present, however, these effects cannot be conclusively assessed and quantified.

Contract risks

Significant contract risks result from the fact that the maturities of contracts with customers often do not match those relating to property leasing. Contracts with customers generally have significantly shorter maturities than rental contracts on real estate.

The subsequent change to market conditions and related effects on the logistics processes agreed with customers often have an effect on the contractual relationship agreed with the customer. The range of services offered to the customer and the prices calculated no longer match the services requested and commissioned by the customer. The resulting differences generally lead to risks and, thus, also to losses which can only be clarified with the customer through subsequent lengthy negotiations. Due to the obligation to fulfill the contract and thus provide services, further work is carried out for the customer during negotiations, because otherwise further risks would arise due to compensation for downtime. This fact, alongside the dependency on the automotive industry at many of our locations, led to significant losses during the coronavirus crisis in the 2020 financial year, especially in the seaport terminals and industrial logistics business areas.

Risk provisions have been recognized for risks from onerous contracts. The size of the risks may increase significantly as a result of changes in circumstances over time. Based on our current estimation, a risk of this kind should be viewed as low.

Service and infrastructure risks

Risks from business relationships

In all operating divisions, close customer relationships and the short, demanding contractual periods and conditions, especially with some large customers, make it necessary to monitor changes in economic trends and the demand and product life cycles especially closely.

Infrastructure capacity and security

High fluctuations in volumes at our customers can lead to temporary capacity bottlenecks at our indoor and outdoor facilities. We have actively searched the market and have found additional third-party indoor and outdoor capacity. This will be leased for a fee, if required.

In contrast, when there is lower usage of our in-house capacity, no short-term alternative usage is normally generated. This results in a negative effect from fixed costs that is not covered by income.

Indoor and outdoor facilities and transport and handling equipment are regularly serviced and repaired at fixed intervals. This ensures that we can provide services on an ongoing basis.

Personnel risks

Due to the high personnel- and capital-intensive nature of our logistics services, there are, in principle, risks relating to the negative effect of high fixed costs when facilities and personnel are not being used. This has had a particular impact during the coronavirus pandemic, where volumes declined or failed to materialize in many places.

Our goal is to minimize personnel risks in respect of socio-demographic change, age structure, and the skills and turnover of the workforce. To this end, the acquisition of skilled personnel is coordinated and implemented through measures such as close cooperation with training providers and a consistent staff development policy from the training of first-time employees to the retraining of the long-term unemployed.

This staff development, which necessarily has a long-term orientation, harbors certain personnel cost risks in the event that business development does not occur as planned in the medium term. However, flexibility is achieved through the use of blue-collar workers provided by the Gesamt-Hafen-Betriebe (GHBV) employment agency in Bremen and Hamburg and other agency personnel. This ensures that the personnel requirement can, to a certain extent, be adapted flexibly to the development of the business. The demographic changes in the employment market also have a fundamental influence on the available staff and therefore on the flexibility and availability of qualified personnel at GHBV. These changes can lead to sustained deficits for GHBV, which it may be possible to offset by affiliated member companies and thus essentially also by BLG LOGISTICS. We have made appropriate provision for this.

The company has found that competition for skilled personnel remains intense. In order to secure and strengthen our position in this area, we are using our HR management activities to emphasize the attractiveness of BLG LOGISTICS as an employer and are aiming to retain skilled employees and managers in the company over the long term. In addition to performance-related pay and social benefits, we are also focusing particularly on future diversification at BLG LOGISTICS through trainee programs, multi-disciplinary career paths, deployment in different Group companies and attractive training and development courses. We limit employee turnover risks by means of timely succession planning.

Demands on the part of employee representatives for structural changes in the use of temporary workers in favor of permanent employees lead to increased basic costs. At the same time, this leaves only a limited amount of the cost flexibility required to balance out economic fluctuations.

IT risks

Information technology is an important success factor for our logistics and service processes. The systems must be accessible and available at all times, and any unauthorized access to data and data manipulation must be eliminated. Delivery of new software with faults or not on time must also be avoided. Our services require the use of permanently updated or even newly developed software. However, delays and insufficient functionality can never be completely ruled out when developing and putting new, complex applications into operation. Efficient project management from design through to launch reduces this risk. We currently expect there to be only minor effects on a few business areas in this respect.

The increasing frequency of Internet attacks (cybercrime), both globally and on specific targets, is a constant threat and danger to BLG LOGISTICS. BLG LOGISTICS is well positioned to address these risks as it uses the latest antivirus software in conjunction with its own structured IT organization. Ongoing monitoring, control, updating and adaptation of these structures and systems is vital. In addition, the AUTOMOBILE, CONTRACT and CONTAINER Divisions have insurance against cyber risks, as economic damage caused by a cyberattack cannot be ruled out despite the extensive security measures.

Financial risks

Credit risk

The Group's credit risk mainly results from trade receivables. The amounts shown in the consolidated statement of financial position do not include allowance accounts for expected credit losses, which were determined on the basis of the historical credit loss rates of the last five years, adjusted for management estimates regarding the future development of the economic environment. Due to the ongoing monitoring of receivables by the management, BLG LOGISTICS is not currently exposed to any significant credit risks.

The credit risk in respect of cash and derivative financial instruments is limited because these are currently held exclusively at banks that have been awarded high credit ratings from international rating agencies, that are highly secure thanks to a joint liability scheme and/or at which there are offsetting opportunities via non-current borrowings.

Foreign currency risk

With very few exceptions, the Group companies operate in the eurozone and invoice only in euros. In this respect, currency risk could only arise in isolated cases, such as from foreign dividend income or the purchase of goods and services from abroad. An interest rate and currency swap has been concluded to hedge against the foreign currency risk from a variable USD loan granted in the context of Group financing.

Liquidity risk

Liquidity risks may arise from payment bottlenecks and the resulting higher financing costs. The Group's liquidity is ensured by central cash management at the level of BLG KG. All significant subsidiaries are included in cash management. Due to the centralized management of capital expenditure and credit management, financial resources (loans/leases) can be provided in good time to meet all payment requirements.

Assurances have been made to all partner banks with regard to equal treatment and the change-of-control clause.

Regarding the coronavirus pandemic, we expect business to bounce back in 2021. Nevertheless, considerable uncertainties remain with respect to future developments. On the basis of the estimates currently possible for the 2021 financial year, we assume that, despite possible pandemic-induced burdens, the liquidity of BLG LOGISTICS will continue to be sufficient to allow payment obligations to be met at all times.

Interest rate risk

The interest rate risk to which BLG LOGISTICS is exposed arises primarily from non-current loans and other non-current financial liabilities. Interest rate risks are managed with a combination of fixed-interest and variable-interest loan capital. The majority of the liabilities to banks have been concluded over the long term or fixed interest rates have been agreed through to the end of the financing term, either originally as part of the loan agreements or via interest rate swaps which have been concluded within micro-hedges for individual variable-interest loans. In addition, against the backdrop of the low interest rate, which is attractive for investments, a portion of the financing requirement of the coming years was hedged by agreeing forward interest rate swaps. The plan is to take out loans from partner banks totaling EUR 90 million in tranches of up to EUR 15 million each within six years, beginning in 2019. Further information is presented in note 32/the “Derivative financial instruments” section of the consolidated financial statements.

Interest rate risks are disclosed via sensitivity analyses in accordance with IFRS 7. These show the effects of changes in the market interest rate on interest payments, interest income and expenses, other income items and on equity. The interest rate sensitivity analyses are based on the following assumptions.

With regard to non-derivative financial instruments with fixed interest rates, market interest rate changes only affect profit or loss if these financial instruments are measured at fair value. All fixed-interest financial instruments measured at amortized cost are not subject to interest rate risks within the meaning of IFRS 7. This applies to all fixed-interest loan liabilities of BLG LOGISTICS, including finance lease liabilities. When hedging interest rate risks in the form of cash flow hedge-designated interest rate swaps, changes to the cash flows and to the contributions to earnings induced by changes to the market interest rate of the hedged primary financial instruments and the interest rate swaps balance each other out almost completely, effectively eliminating the interest rate risk.

Gains or losses from remeasurement of hedging instruments to fair value are credited or charged directly to the hedging reserve in equity and are therefore included in the equity-related sensitivity calculation. Changes in the market interest rate of non-derivative variable-interest financial instruments whose interest payments are not structured as hedged items as part of cash flow hedges against interest rate risks have an effect on net interest income (expense) and are therefore included in the calculation of income-related sensitivities.

From today’s perspective, the likelihood of the financial risks described arising in BLG LOGISTICS is estimated to be low.

Further disclosures on the management of financial risks can be found in note 32.

Other risks

There are currently no other identifiable risks that could have a long-term negative influence on the company’s development. There are currently no potential risks to the company’s continued existence as a going concern such as excessive indebtedness, insolvency or other risks that could significantly impact on the company’s net assets, financial position and results of operations. The material risks for BLG LOGISTICS currently result from the ongoing coronavirus pandemic and its ramifications for the supply chains and volumes of our customers, which have a significant knock-on effect on our business. Against this backdrop, the sovereign debt crises in the US and Europe, the trade conflict between the US and China and the geopolitical unrest with its effect on the real economy have faded into the background, but are not yet overcome. A renewed exacerbation of the risk situation in these areas cannot be ruled out.

Assessment of the overall risk situation

Since the coronavirus pandemic began, it has significantly determined the risk structure of BLG LOGISTICS. In the previous year, there was a high level of uncertainty regarding how it would pan out. That is still the case today. The overall risk situation has therefore changed to the extent that the impacts of the coronavirus pandemic have been taken into account in the existing business processes and the economy has adapted to the changed situation. Nevertheless, major disruptions to global goods flows and therefore to logistics processes and services could still arise in the future. A high level of uncertainty still exists with regard to the effects on the associated supply chains of BLG LOGISTICS' customers due to the fact that the economy and daily life have not yet returned to normal. A temporary fluctuation in volumes is therefore expected in the 2021 financial year. The coronavirus crisis will continue to have a marked effect on the economic and financial situation of BLG LOGISTICS in 2021, albeit to a lesser extent than in 2020. We have assessed the probable effects and taken necessary steps. In our assessment, the BLG Group is therefore in a good position to meet the continuing challenges posed by the crisis.

Another major factor is the successful implementation of the transformation, including the related cost savings as well as productivity and efficiency improvements, within the CONTAINER Division. Failure to implement these, or to do so only to a lesser extent, would seriously jeopardize the competitiveness and future viability of the EUROGATE Group.

Based on our risk management system and consistent assessments by the Board of Management, there were no foreseeable risks in the reporting period that could jeopardize the company's continued existence, either individually or as a whole. Against the background of our medium-term planning and the coronavirus pandemic, and accounting for the measures already taken, there are currently no indications of strategic or operational risks for future development that pose a threat to the continued existence of the company.

Outlook

Future direction of the Group

Retention of the business model
A fundamental change in our business model is not currently planned. One strategic priority will be the further expansion of the AUTOMOBILE and CONTRACT Divisions. Our goal is to be profitable in all business areas and to continue to grow. We intend to grow our shares in existing markets, open up new markets and win new customers by continuing our acquisition activities, developing collaborations in a targeted manner and establishing strategic partnerships. We will also extend our value chains in the business areas. Moreover, we will seek to improve productivity in all areas, also in the crisis, through consistent process and quality management, the use of opportunities arising from digitalization, and strict cost management.

Expected macroeconomic conditions

Economic growth forecast for 2021
Following the historic downturn of the global economy in 2020, a marked economic recovery is projected for 2021. However, the leading economic research institutes diverge considerably when it comes to the anticipated strength of this growth, and the forecasts have to be continuously adjusted against the background of the uncertain further progression of the coronavirus pandemic.

The momentum of the global economic recovery has slowed somewhat during recent months due to the second wave of the pandemic and the corresponding measures on the part of governments aimed at containing the spread of infection. In Germany, massive constraints were imposed on parts of the services sector (hospitality, leisure industry) in particular, weighing heavy on the economy. The order situation in the manufacturing industry has picked up considerably in recent months, allowing production to be successively ramped up again. The avoidance of supply chain disruptions this time around prevented a new massive slump over the winter. Tighter border controls or similar measures could in individual instances lead to renewed impediments to production.

Following the approval of vaccines and the increasing proportion of the population receiving them, as well as the gradual return to normality, economists assume that the hoped-for economic recovery will kick in especially in the second half of 2021. With interest rates still low and financial policy income support measures still in place, there is also likely to be a renewed surge in private consumption and a corresponding desire to meet pent-up demand.

Democrat Joe Biden's victory in the US presidential elections has substantially lessened the risk of an escalating transatlantic trade conflict. Additional positive signals are emerging from China, which has coped better economically with the coronavirus pandemic than the Europeans. Indices point to above-average economic growth here, which would favor Germany's export-oriented industry. This would also benefit substantially from a recovery of the global economy, which would create a framework for deferred economic investments.

The EU's and the German government's ambitious targets for lowering greenhouse gas emissions will create a massive need for investments and development in the coming years. This presents huge challenges for the automotive industry in particular, as well as for other large parts of German industry. The medium-term shift away from the combustion engine to electric drive technology entails enormous changes in the production and workflows. Another factor of uncertainty affecting the forecast is the impact of Brexit.

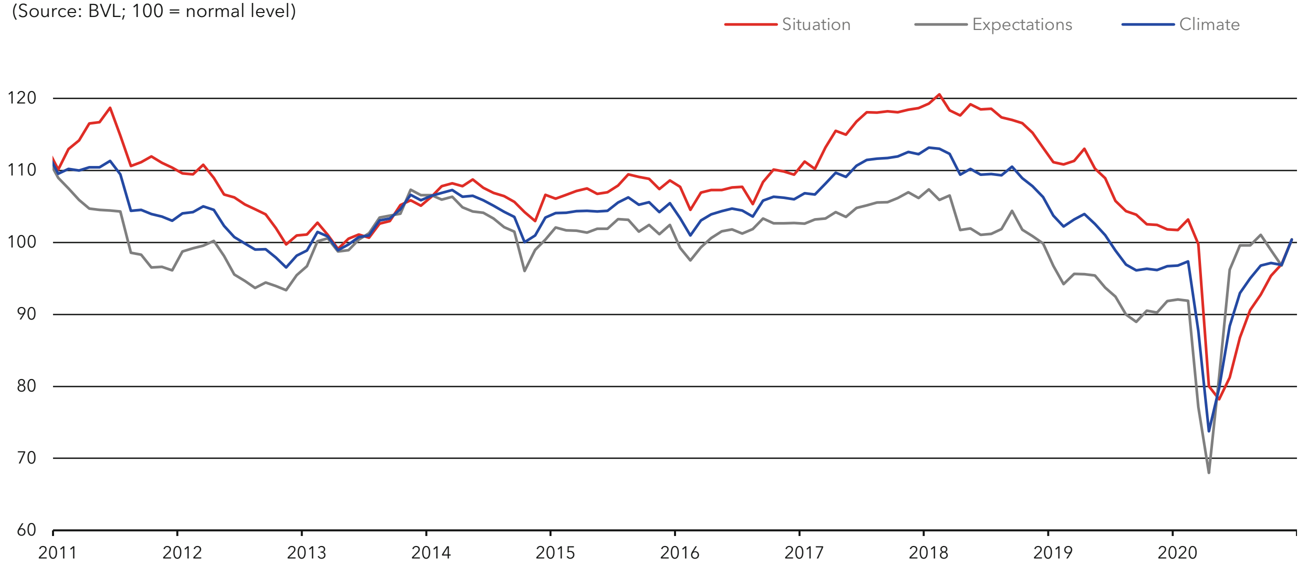
Sources for this section:
IMK, IMK Report No. 164, January 2021
IfW Kiel, Kiel Institute Economic Outlook, No. 73 (2020|Q4)
Tagesschau.de, "Hoffnung auf Erholung der Wirtschaft", December 31, 2020, 5:51 p.m.

Logistics industry hopes for a positive year
According to the SCI Logistics Barometer (December 2020), the business situation of the transport and logistics companies surveyed stabilized toward the end of 2020, leveling out at the previous year's figure. On the back of the difficult COVID year 2020, expectations for the 2021 financial year are mostly positive. Nevertheless, in the short term, with a view to the lockdown measures at the start of the year, we can expect there to be a strong impact on day-to-day business operations.

The ifo-BVL Logistics Indicator presented a similar picture at the end of 2020. The optimism expressed in the third quarter waned toward the end of the year and on balance the logistics service providers were slightly pessimistic with regard to the performance trend for the coming six months. The current economic situation continues to be strongly influenced by developments related to the coronavirus pandemic. Thus the business development of the transport and logistics companies surveyed will still be characterized by many uncertainties in the first half of 2021. This is compounded by the structural problems that major branches of industry, such as the automotive and mechanical engineering sectors as well as manufacturing, are experiencing. Growth impulses are coming from the consumer goods industry and retailing (especially e-commerce). It is not expected that the 2019 level will be reached again before 2023.

In post-COVID times, the topics of sustainability and digitalization will move back into the focus and generate capital expenditure in these areas. There will continue to be staff shortages in 2021, particularly in the areas of IT managers, warehouse workers, drivers and other skilled employees and managers.

BUSINESS CLIMATE AMONG LOGISTICS PROVIDERS
(Source: BVL; 100 = normal level)



Nevertheless, the logistics industry will continue to benefit from a strong, export-oriented German industry and Germany's excellent position as a logistics center. Until the implementation of the Federal Transport Infrastructure Plan 2030, which has been adopted, the maintenance of infrastructure remains another major challenge.

Sources for this section:
BVL Logistics Indicator, 4th Quarter 2020, December 14, 2020 including commentary
BVL-blog dated October 20, 2020, www.bvl.de, "Die Entwicklung der Logistik in 2021 – Prognose der Logistikweisen"
SCI Verkehr, SCI Logistics Barometer, December 2020

Development of the BLG Group in the following year

AUTOMOBILE Division

Seaport terminals business area
In the AUTOMOBILE Division, imports and exports will remain a determining factor for volumes at seaports. The seaport terminals business area was hit especially hard by the coronavirus pandemic. We expect that handling volumes, which declined sharply in 2020, will rise again in the 2021 financial year (Bremerhaven location: significantly; Cuxhaven: moderately), but will not yet reach the level of 2019.

Further earnings improvements will be achieved through the implementation of IT projects and increased vertical integration.

The XXL Logistics business area was dissolved at the end of 2020. The WindEnergy and High&Heavy cargo handling segments in Bremerhaven are now included in the seaport terminals business area.

As the influences of the coronavirus pandemic become evident with a certain delay through a decline in the demand for and production of industrial goods, we are anticipating the High&Heavy volume at the Bremerhaven site to decline by around 10 percent compared with 2020. We aim to counteract this by increasing vertical integration (for example packaging activities).

At the Neustadt port in Bremen (without allocation to individual business areas), we are expecting overall handling volumes to remain constant.

Inland terminals business area

Due to the continued difficult market situation for new vehicles in Germany and Western Europe, we want to further expand the processing of newer used vehicles and fleet customers in the mobility segment at our inland terminals. A decline in quantities of new vehicles can thus be partially compensated for by greater technical value creation.

At our Kelheim location, we will install a new car rack in 2021.

Car transport business area

On the assumption of a market recovery in 2021, we are also predicting a marked increase in the transport volumes by road. In a contrary trend, however, intensified crowding out is leading to persistent and permanent price pressure. To enable us to respond flexibly to fluctuations in capacity utilization, we intend to slightly reduce deployment of our own vehicle fleet and fall back on subcontractors instead.

AutoRail business area

In line with the general market expectation and a further shift from road to rail transport, we are anticipating a substantial year-on-year volume increase. We want to further expand the repair business for third parties, above all in the area of mobile maintenance.

The sophisticated technology of the young BLG wagon fleet enables internationally flexible use for transportation of all passenger car and SUV models, across manufacturers and countries. BLG currently owns around 1,500 car transport wagons. In addition to the agreed regular transport services, ad hoc transport is a regular part of the portfolio thanks to the outstanding functionality of our wagons. Dimensions and weights, particularly among SUVs, will require the rail logistics industry to make a significant investment in wagon fleets in the coming years. With its fleet, BLG is well positioned for the future.

Southern/Eastern Europe business area

A strong focus lies on the transportation of new vehicles by truck to former CIS countries.

In general, we expect an increase in volumes in the Eastern European business area with our existing and with new customers.

CONTRACT Division

Overall, in the CONTRACT Division, the price pressure on logistics service providers is permanently increasing and margins are declining accordingly. Due to the high level of competition and the existence of overcapacities, personnel cost increases as a result of collective bargaining agreements cannot always be passed on in full to customers through price increases. In addition, there is still a high tendency among customers to make all costs as variable as possible. In return, however, no quantity guarantees are provided by the customers.

Industrial logistics (Europe) business area

In addition to the general uncertainty surrounding a sustained economic recovery, the 2021 financial year will also be characterized by effects such as calculated start-up costs for numerous new businesses that we were able to acquire at our Bremen, Berlin/Brandenburg and Waiblingen locations (all automotive sector). We also significantly expanded our business with existing customers at other locations.

Economic trends in the industrial logistics (Europe) business area will continue to be affected in the automotive logistics area by the development of the coronavirus pandemic, consumer reticence brought on by the crisis and the shift to alternative drive systems. A renewed tightening of measures to stem the spread of the coronavirus, for example through border closures, could lead to renewed plant shutdowns with severe ripple effects for our volumes.

We intend to expand our activities in the areas of spare parts and battery logistics. In addition, with "C3 Bremen", we are planning a new location from where we will provide sustainable and efficient supplies to the foreign assembly plants of a car manufacturer.

Overall, we expect business to develop stably to positively at most locations. However, given the unpredictability of the pandemic, we are expecting 2021 to be a transitional year that is still subject to numerous risks.

Industrial logistics (overseas) business area

For 2021, we anticipate a continuation of the recovery following the considerable impacts of the coronavirus pandemic on this business area in 2020. At the US location, an upswing could be felt from midyear 2020. Furthermore, we won a new customer from the retail segment, which opened up a new service opportunity. In addition to combating COVID, South Africa is suffering from a severe recession. This also has an adverse effect on the production volumes at our locations, so that we are expecting the recovery here to be slow.

In India, one customer is now handling their own business due to the coronavirus pandemic. On the other hand, we opened a new logistics center for a long-standing customer. In Malaysia, we are assuming a stable development.

Retail logistics business area

The development of the retail logistics business area is characterized by stable existing business, the implementation of various large-scale projects (Geiselwind, Schlüchtern, Ochtrup locations) and the restructuring and turnaround at the Hörsel site (Sports & Fashion area). A sales drive is planned to bring the Hörsel site back up to full capacity in 2021. Additional earnings improvements are expected to result from restructuring measures and outside space optimizations.

Freight forwarding business area

BLG LOGISTICS has decided to place a strategic focus on national and international business in the AUTOMOBILE, CONTRACT and CONTAINER Divisions going forward. The nine freight forwarding locations of BLG International Forwarding with around 100 employees (previously CONTRACT Division) will from the start of April 2021 be integrated into the existing network of Rhenus Air & Ocean in Germany. Not affected by the takeover is the Bremen freight forwarding location, which concentrates on overland transport, heavy goods transports, project business and sea freight.

CONTAINER Division

Despite the temporarily satisfactory shipping rates and low bunker price, the container shipping companies continue to be under high competitive pressure in the short to medium term to sustainably and adequately utilize the increasing tonnage of shipowners. Not least due to the increasing number of ever larger container ships being built, the container terminals face uncertainties as a result of the operational risks described above.

Here, further cooperation and concentration among the container shipping lines could have an impact. As a result, continuing price pressure on the container terminals cannot be ruled out.

From today's perspective, we are anticipating a slight volume increase – albeit with a rising transshipment portion – for the 2021 financial year for EUROGATE Container Terminal Hamburg, due to the year-round handling of Ocean Alliance's FAL-1 flagship service, which has only been calling at the terminal since spring 2020.

For the Bremerhaven site, we are currently expecting a slight rise in handling volumes in 2021.

Achieving reasonable capacity utilization of the EUROGATE Container Terminal Wilhelmshaven remains of high importance for the EUROGATE Group. However, in light of the increasing size of ships and the associated nautical restrictions of the shipping channels of the Outer Weser and Elbe Rivers – even after completion of the deepening and widening measures there – Wilhelmshaven is increasingly predestined for the handling of large container ships.

In view of the fact that the leading container shipping companies will put additional vessels, now with a capacity of > 23,000 TEUs, into operation in the coming years, the Wilhelmshaven site has a good chance of acquiring further liner services over the medium term.

For the Wilhelmshaven site, we are currently not expecting handling activity to pick up in 2021. An improvement in the capacity utilization situation will from today's perspective not take place until the medium term at the earliest.

For the individual companies in the EUROGATE Group, the 2021 financial year will be dominated by the transformation, which has the in-house working title "Future EUROGATE", and the accompanying implementation of cost-saving measures and negotiation with the respective employee representatives of organizational measures designed to increase efficiency and productivity.

The development of handling volumes at the EUROGATE locations may be adversely affected by the further development of the coronavirus pandemic, which in turn depends on the development of mass vaccinations and the possible tightening of the current containment measures.

Given the macroeconomic conditions affecting the subsidiaries and equity investments described above, along with the exceptional items (impairment losses on non-current financial assets and provisions for restructuring expenses) included in the previous year's result, the CONTAINER Division is expected to generate significantly improved net profit in slightly positive territory for 2021.

The division's overall profit is strongly influenced by the earnings of the container terminals and by handling volumes and throughput rates as well as cost structures, which are key determinants here. It is therefore a prerequisite that the implementation of first restructuring measures already leads to corresponding earnings improvements in the 2021 financial year.

Central departments

Administrative costs in the central departments of BLG are reviewed constantly. In order to meet the efficiency requirements and make our internal processes and systems fit for the future, objectives such as digitalization and automation are being implemented and developed intensively.

Planned capital expenditure

We adjust our investment plans to the constantly changing market conditions, paying particular attention to our liquidity and results of operations. Significant expansion, process optimization and replacement investments are planned in the coming year in the AUTOMOBILE Division, e.g. for the continuous replacement of older trucks and the buyback of car wagons from leasing in the car transport and AutoRail business area. In the seaport and inland terminals business areas, capital expenditure mainly relates to various measures to expand and modernize spaces and buildings and the upgrading of handling equipment. In addition, investments will be made to optimize the division's IT network. In the CONTRACT Division, capital expenditure relates to the development and expansion of new logistics centers and the expansion of existing businesses in the areas of industrial and retail logistics. In the central departments, a major investment is planned among other things for the renewal of the ERP system in the area of finance. An investment volume of around EUR 119 million is planned for the necessary expansion and replacement investments and for investments in process optimization. This capital expenditure will be mainly financed through borrowing.

Overall statement on the expected development of the Group

EUR thousand	Actual 2020	Forecast 2021
EBT	-116,127	Significant improvement; Almost break-even result
Revenue	1,065,235	At previous year's level
EBT margin (in percent)	-10.9	Significant improvement; Slightly negative

At the time of preparing this report, we were still in the middle of the pandemic. The year ahead will continue to be very much determined by challenging conditions. The further progress of the inoculation program and a return to pre-COVID normality is not foreseeable at present. Disruptions in the supply chain and goods flows caused by the coronavirus pandemic (for example due to stricter border controls) could once more lead to a sharp downturn in earnings. Projections are difficult in this environment, all the more so since our customers' planning also has many question marks. Hence at BLG LOGISTICS we are also "driving on sight". However, we expect 2021 to be significantly better.

The other uncertainties, such as the trade conflict between the US and China, the still-to-be-negotiated Brexit conditions, the ambitious CO_2 reduction targets and the further development of the "automotive crisis", could still exacerbate the situation.

On the basis of the forecasts described, we expect revenue to increase slightly in the AUTOMOBILE and CONTAINER Divisions. In the CONTRACT Division, the lost revenue in the freight forwarding business area will have the opposite effect and could lead to a slight decline. Total revenue of BLG LOGISTICS will therefore be at around the same level as in the 2020 financial year.

As things currently stand, we expect BLG LOGISTICS to see a considerable improvement in EBT in the 2021 financial year. We are aiming for a year-end result narrowly in the plus column. In line with this, the EBT margin will also improve significantly, but will probably remain below break-even. The longer and more intensively the restrictive measures introduced in response to the coronavirus pandemic last, the greater the negative impact on earnings will be.

Expected changes for 2021

↑	→	↑
EBT	**Revenue**	**EBT margin**
Significant improvement	At previous year's level	Significant improvement

In view of the uncertain conditions and on the basis of the estimates currently possible for the 2021 financial year, the Board of Management assumes that, despite the burden of the pandemic, the liquidity of BLG LOGISTICS will be sufficient to allow payment obligations to be met at all times.

We pursue the goal of an earnings-related and consistent dividend policy. Therefore, depending on business performance, we will continue to allow our shareholders to participate appropriately in earnings.

This annual report was prepared on the basis of German Accounting Standard 20 (DRS 20) in the current version. Apart from historical financial information, it contains statements on the future development of the business and the business performance of BLG LOGISTICS which are based on estimates, forecasts and expectations, and can be identified by wording such as "assume", "expect" or similar terms. These statements may, of course, vary from actual future events or developments. We are not under any obligation to update these forward-looking statements with new information.

03 Consolidated Financial Statements

03 Consolidated Financial Statements

Consolidated Income Statement

EUR thousand	Note	**2020**	2019
Revenue	4	1,065,235	1,158,632
Other operating income	5	46,190	65,178
Cost of materials	6	-454,905	-528,184
Personnel expenses	7	-455,476	-452,245
Depreciation, amortization and impairment of non-current intangible assets, property, plant and equipment and right-of-use assets from leases	8	-115,432	-88,869
Other operating expenses	9	-130,389	-128,551
Net impairment gains/losses	9, 32	-1,188	-2,318
Income from non-current finance receivables		26	42
Other interest and similar income	11	7,110	7,316
Interest and similar expenses	11	-15,685	-17,016
Share in profit (loss) of companies accounted for using the equity method	10	-61,705	22,787
Income from other long-term equity investments and affiliated companies		92	772
Earnings before taxes		**-116,127**	**37,544**
Income taxes	33	-4,047	-4,956
Consolidated net loss/profit		**-120,174**	**32,588**
Consolidated net profit was attributable as follows:			
BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-		1,117	1,454
BLG LOGISTICS GROUP AG & Co. KG		-122,544	26,787
Non-controlling interests		1,253	4,347
		-120,174	**32,588**
Earnings per share (diluted and basic, in EUR)	21	**0.29**	**0.38**
of which from continuing operations (in EUR)		0.29	0.38
Dividend of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877- (in EUR)	22	**0.11**	**0.40**

Consolidated Statement of Comprehensive Income

EUR thousand	Note	2020	2019
Consolidated net loss/profit		**-120,174**	**32,588**
Other comprehensive income, net of income tax			
Items that are not subsequently reclassified to profit or loss	34		
Remeasurement of net pension obligations		1,195	-13,697
Share of equity-accounted investments in items that are not subsequently reclassified to profit or loss		629	-12,369
Income taxes on items that are not subsequently reclassified to profit or loss		-111	2,318
		1,713	**-23,748**
Items that can subsequently be reclassified to profit or loss	34		
Currency translation		-1,273	505
Change in the measurement of financial instruments		-4,157	-6,780
Share of equity-accounted investments in items that can subsequently be reclassified to profit or loss		-2,897	1,778
Income taxes on items that can subsequently be reclassified to profit or loss		-20	-17
		-8,347	**-4,514**
Other comprehensive income, net of income tax		**-6,634**	**-28,262**
Group total comprehensive income		**-126,808**	**4,326**
Group comprehensive income was attributable as follows:			
BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-		1,117	1,454
BLG LOGISTICS GROUP AG & Co. KG		-129,130	-1,584
Non-controlling interests		1,205	4,456
		-126,808	**4,326**

Consolidated Statement of Financial Position

Assets **EUR thousand**	Note	**12/31/2020**	12/31/2019
A. Non-current assets			
I. Intangible assets	12		
1. Goodwill		5,084	24,633
2. Other intangible assets		5,143	5,115
3. Advance payments on intangible financial assets		7,357	4,566
		17,584	**34,314**
II. Property, plant and equipment	13, 14		
1. Land, land rights and buildings, including buildings on third-party land		406,821	422,719
2. Handling equipment		93,646	90,957
3. Technical plant and machinery		53,540	47,421
4. Other equipment, operating and office equipment		24,165	24,240
5. Advance payments and assets under construction		7,758	13,656
		585,930	**598,993**
III. Equity interests in companies accounted for using the equity method	15	98,662	158,172
IV. Non-current finance receivables	16	197,729	196,849
V. Other non-current assets	18	528	535
VI. Deferred taxes	35	2,768	2,473
		903,201	**991,336**
B. Current assets			
I. Inventories	17	15,450	9,946
II. Trade receivables	18	211,495	216,099
III. Current finance receivables	16	32,280	34,290
IV. Other assets	18	13,685	14,123
V. Reimbursement rights from income taxes	35	1,222	941
VI. Cash and cash equivalents	19	13,357	21,569
		287,489	**296,967**
Current assets classified as held for sale	18	3,403	0
		290,892	**296,967**
		1,194,093	**1,288,303**

Equity and Liabilities EUR thousand	Note	**12/31/2020**	12/31/2019
A. Equity	20		
I. Consolidated capital of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-			
1. Subscribed capital		9,984	9,984
2. Retained earnings			
a. Legal reserve		998	998
b. Other retained earnings		9,541	9,960
		20,523	**20,942**
II. Consolidated capital of BLG LOGISTICS GROUP AG & Co. KG			
1. Limited liability capital		51,000	51,000
2. Capital reserves		50,182	50,182
3. Retained earnings		22,980	156,424
4. Other reserves		-66,630	-68,343
5. Reserve for the fair value measurement of financial instruments		-12,951	-8,901
6. Foreign currency translation		-10,895	-6,596
		33,686	**173,766**
III. Non-controlling interests		5,532	8,656
		59,741	**203,364**
B. Non-current liabilities			
I. Non-current loans (not including the current portion)	23	146,387	86,117
II. Other non-current loan liabilities	24	513,305	511,562
III. Deferred government grants	25	2,750	2,576
IV. Other non-current liabilities	28	419	1,194
V. Non-current provisions	26	74,914	71,592
VI. Deferred taxes	33	577	576
		738,352	**673,618**
C. Current liabilities			
I. Trade payables	27	85,141	93,820
II. Other current financial liabilities	24	228,297	232,634
III. Current portion of government grants	25	81	86
IV. Other current liabilities	28	42,920	56,775
V. Payment obligations from income taxes	36	6,060	5,611
VI. Current provisions	29	29,689	22,395
		392,188	**411,322**
Current liabilities directly associated with assets classified as held for sale	18	3,812	0
		396,000	**411,322**
		1,194,093	**1,288,303**

Segment Reporting

EUR thousand	AUTOMOBILE 2020	AUTOMOBILE 2019	CONTRACT 2020	CONTRACT 2019	CONTAINER 2020	CONTAINER 2019	All segments 2020	All segments 2019	Reconciliation 2020	Reconciliation 2019	Group 2020	Group 2019
Revenue with external third parties	**521,377**	**603,734**	**552,621**	**563,934**	**263,522**	**282,304**	**1,337,520**	**1,449,972**	**-272,285**	**-291,340**	**1,065,235**	**1,158,632**
Inter-segment sales	4,226	4,286	4,538	4,766	2,002	2,381	10,766	11,433	-10,766	-11,433	0	0
Share in profit (loss) of companies accounted for using the equity method	-56	-677	-1,382	263	-5,733	7,091	-7,171	6,677	-54,534	16,110	-61,705	22,787
EBITDA	50,386	71,721	42,319	52,542	11,768	65,820	104,473	190,083	-96,711	-54,784	7,762	135,299
Depreciation and amortization expense, impairment losses	-51,435	-44,586	-52,013	-40,861	-33,369	-32,774	-136,817	-118,221	21,385	29,352	-115,432	-88,869
Segment earnings (EBIT)	**-1,049**	**27,135**	**-9,694**	**11,681**	**-21,601**	**33,046**	**-32,344**	**71,862**	**-75,326**	**-25,432**	**-107,670**	**46,430**
Interest income	239	188	2,309	2,702	950	1,042	3,498	3,932	3,638	3,426	7,136	7,358
Interest expense	-8,188	-8,681	-6,597	-7,035	-9,750	-10,489	-24,535	-26,205	8,850	9,189	-15,685	-17,016
Income from other long-term equity investments	0	682	91	88	111	100	202	870	-110	-98	92	772
Impairment losses on non-current financial assets	0	0	0	0	-36,984	0	-36,984	0	36,984	0	0	0
Segment earnings (EBT)	**-8,998**	**19,324**	**-13,891**	**7,436**	**-67,274**	**23,699**	**-90,163**	**50,459**	**-25,964**	**-12,915**	**-116,127**	**37,544**
EBT margin (in %)	**-1.7**	**3.2**	**-2.5**	**1.3**	**-25.5**	**8.4**	**-6.7**	**3.5**	**not stated**	**not stated**	**-10.9**	**3.2**
Other information												
Other non-cash events	3,408	2,051	-3,228	-2,098	-671	6,020	-491	5,973	555	-5,962	64	11
Impairment	-6,303	-23	-11,160	-1,034	-163	-483	-17,626	-1,540	-8,591	483	-26,217	-1,057
Equity interests in companies accounted for using the equity method	5,525	6,682	2,180	2,075	84,451	120,777	92,156	129,534	6,507	28,638	98,663	158,172
Goodwill included in segment assets	5,084	5,084	0	10,795	512	512	5,596	16,391	-512	8,242	5,084	24,633
Segment assets	531,228	563,975	349,717	350,368	527,583	560,814	1,408,528	1,475,157	-317,087	-348,441	1,091,441	1,126,716
Capital expenditure	38,945	278,827	63,659	130,430	35,837	63,169	138,441	472,426	-30,683	-35,785	107,758	436,641
of which non-cash	9,547	246,375	27,400	113,118	1,324	2,670	38,271	362,163	-403	20,092	37,868	382,255
Segment liabilities	416,714	446,413	289,954	289,235	381,579	379,323	1,088,247	1,114,971	-169,568	-148,851	918,679	966,120
Equity	57,966	82,198	-3,278	20,773	89,813	148,271	144,501	251,242	-84,760	-47,878	59,741	203,364
Employees	3,331	3,308	6,287	6,393	1,618	1,653	11,236	11,354	-1,245	-1,287	9,991	10,067

Consolidated Statement of Changes in Equity

		I. Consolidated capital of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-			II. Consolidated capital of BLG LOGISTICS GROUP AG & Co. KG							III. Non-controlling interests	
EUR thousand	Note	Subscribed capital	Retained earnings	**Total**	Limited liability capital	Capital reserves	Retained earnings	Other reserves	Reserve for the fair-value measurement of financial instruments	Foreign currency translation	**Total**	Total	**Total**
As of December 31, 2018		**9,984**	**11,232**	**21,216**	**51,000**	**50,182**	**174,703**	**-44,538**	**-2,225**	**-8,715**	**220,407**	**9,218**	**250,841**
Changes due to IFRS 16		0	0	0	0	0	-18,683	0	0	0	-18,683	-453	-19,136
As of January 1, 2019	20	**9,984**	**11,232**	**21,216**	**51,000**	**50,182**	**156,020**	**-44,538**	**-2,225**	**-8,715**	**201,724**	**8,765**	**231,705**
Changes in financial year													
Consolidated net profit		0	1,454	1,454	0	0	26,787	0	0	0	26,787	4,347	32,588
Income and expenses recognized directly in equity	33	0	0	0	0	0	0	-23,748	-6,734	2,111	-28,371	109	-28,262
Group total comprehensive income		**0**	**1,454**	**1,454**	**0**	**0**	**26,787**	**-23,748**	**-6,734**	**2,111**	**-1,584**	**4,456**	**4,326**
Dividends/withdrawals		0	-1,728	-1,728	0	0	-25,909	0	0	0	-25,909	-3,731	-31,368
Acquisitions of controlling equity interests		0	0	0	0	0	-553	0	0	0	-553	0	-553
Other changes		0	0	0	0	0	79	-57	58	8	88	-834	-746
As of December 31, 2019	20	**9,984**	**10,958**	**20,942**	**51,000**	**50,182**	**156,424**	**-68,343**	**-8,901**	**-6,596**	**173,766**	**8,656**	**203,364**
Changes in financial year													
Total consolidated comprehensive income (loss)		0	1,117	1,117	0	0	-122,544	0	0	0	-122,544	1,253	-120,174
Income and expenses recognized directly in equity	33	0	0	0	0	0	0	1,713	-4,050	-4,249	-6,586	-48	-6,634
Group total comprehensive income		**0**	**1,117**	**1,117**	**0**	**0**	**-122,544**	**1,713**	**-4,050**	**-4,249**	**-129,130**	**1,205**	**-126,808**
Dividends/withdrawals		0	-1,536	-1,536	0	0	-10,952	0	0	0	-10,952	-4,336	-16,824
Other changes		0	0	0	0	0	52	0	0	-50	2	7	9
As of December 31, 2020	20	**9,984**	**10,539**	**20,523**	**51,000**	**50,182**	**22,980**	**-66,630**	**-12,951**	**-10,895**	**33,686**	**5,532**	**59,741**

Consolidated Statement of Cash Flows

EUR thousand	Note	**2020**	2019
Earnings before taxes		-116,127	37,544
Depreciation, amortization and impairment of non-current intangible assets, property, plant and equipment, right-of-use assets, financial assets and non-current finance receivables		115,432	88,869
Reversals of impairments of non-current finance receivables		-12	-120
Proceeds from disposals of property, plant and equipment		807	-11,502
Share in profit (loss) of companies accounted for using the equity method		61,705	-22,787
Share of profits and losses of other equity investments		-92	-772
Net interest income (expense)		8,549	9,657
Other non-cash events		64	11
		70,326	**100,900**
Change in trade receivables		2,694	-19,125
Change in other assets		-3,859	3,557
Change in inventories		-5,523	-577
Change in government grants		168	115
Change in provisions		11,516	-6,868
Change in trade payables		-6,729	605
Change in other liabilities		-28,929	33
		-30,662	**-22,260**
Interest received		7,034	7,358
Interest paid		-15,153	-14,928
Taxes on income and earnings paid		-4,281	-5,369
		-12,400	**-12,939**
Cash flow from operating activities		**27,264**	**65,701**

EUR thousand	Note	**2020**	2019
Proceeds from disposals of property, plant and equipment and intangible assets		18,367	18,661
Cash payments for cash investments in property, plant and equipment and intangible assets		-69,890	-54,386
Cash payments for cash investments in companies accounted for using the equity method		-5,841	-13,198
Cash advances and loans granted to long-term investees		-700	-500
Cash receipts from repayment of advances and loans granted to long-term investees		219	210
Cash receipts from repayment of lease receivables		12,733	14,104
Dividends received		12,223	38,924
Cash flow from investing activities		**-32,889**	**3,815**
Cash receipts from repayment of loans granted to company owners		2,651	2,387
Cash payments for advances and loans granted to company owners		-2,820	-2,651
Cash payments made to company owners		-16,824	-31,369
Proceeds from financing loans taken up		113,608	38,266
Cash payments for the repayment of financing loans		-24,163	-22,417
Proceeds from current intragroup financing from long-term investees		30,000	15,190
Cash payments for the repayment of current intragroup financing from long-term investees		-45,267	0
Cash payments for the repayment of lease liabilities		-71,891	-71,479
Cash flow from financing activities	37	**-14,706**	**-72,073**
Net change in cash and cash equivalents		-20,331	-2,556
Change in cash and cash equivalents due to currency translation differences		-2,024	595
Cash and cash equivalents at start of financial year		-41,586	-39,626
Cash and cash equivalents at end of financial year	37	**-63,941**	**-41,587**
Composition of cash and cash equivalents at end of financial year			
Cash		13,357	21,569
Current liabilities to banks		-77,298	-63,155
		-63,941	**-41,586**

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Principles

1. Principles of Group accounting

BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-, Bremen (BLG AG), and BLG LOGISTICS GROUP AG & Co. KG, Bremen (BLG KG), two companies that are legally, economically and organizationally closely affiliated due to their identical management bodies and special ownership structure, form the head of the BLG Group (BLG LOGISTICS). As BLG AG does not consider control over BLG KG to exist within the meaning of IFRS 10, it prepares consolidated financial statements (combined financial statements) together with BLG KG under the name BLG LOGISTICS with BLG AG and BLG KG as a single parent.

The consolidated financial statements for BLG LOGISTICS for the 2020 financial year were prepared in accordance with the International Financial Reporting Standards (IFRSs) adopted and published by the International Accounting Standards Board (IASB) and their interpretations by the IFRS Interpretations Committee (IFRICs). The application of these standards became mandatory on December 31, 2020. All IFRSs and IFRICs were observed that have been published and adopted in the endorsement process of the European Union and whose application is mandatory.

The accounting policies were applied consistently by all Group companies for all periods specified in the consolidated financial statements.

The financial year of BLG AG and BLG KG and of their consolidated subsidiaries is the calendar year. The reporting date of the consolidated financial statements is the closing date of the preparing companies.

The companies BLG AG (HRB 4413) and BLG KG (HRA 21448), which are entered in the Commercial Register of the District Court of Bremen, have their registered office at Präsident-Kennedy-Platz 1, Bremen, Germany.

The consolidated financial statements are prepared in euros. All amounts are in EUR thousand unless otherwise indicated.

The consolidated financial statements were prepared on the basis of historical acquisition costs; exceptions arise only for derivative financial instruments and financial instruments classified as “measured at fair value through profit or loss or through other comprehensive income”.

The Board of Management of BLG AG submitted the consolidated financial statements to the Supervisory Board on March 30, 2021. The Supervisory Board has the task of reviewing the consolidated financial statements and stating whether it approves them.

Judgments and estimates

The preparation of the financial statements in conformity with IFRSs requires estimates and the exercise of discretion in individual matters by management that may have an impact on the amounts reported in the consolidated financial statements.

Judgments

Information on judgments in applying the accounting policies that have the greatest material effect on the amounts reported in the consolidated financial statements is included in the following notes:

- Determining whether control exists (notes 38 and 39)
- Classification of joint arrangements (notes 15 and 39)

Assumptions and estimation uncertainties

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year relate in particular to the following notes:

- Calculation of useful lives of property, plant and equipment and intangible assets and costs of demolition obligations for property, plant and equipment (notes 12 and 13)
- Impairment testing of assets and measurement of goodwill (note 12)

- Estimations to determine the duration and expected payments for residual value guarantees as well as lease interest rates (note 14)
- Recognition of deferred tax assets (note 33)
- Estimation of parameters for impairment of property, plant and equipment, intangible assets, right-of-use assets and financial assets (notes 4, 12, 14, 16 and 18)
- Material actuarial assumptions (note 26)
- Discretion in measuring provisions and contingent liabilities (notes 29 and 24)

The estimates made were largely based on historical data and other relevant factors, including the going concern principle. Actual results may differ from these estimates.

Determination of fair values

The financial instruments of the Group accounted for at fair value are allocated to different levels of the fair value hierarchy based on the measurement method used; these levels are defined as follows:

- Level 1: Listed (unadjusted) prices in active markets for identical assets and liabilities
- Level 2: Techniques for which all inputs which have a material effect on the recognized fair value are either directly or indirectly observable
- Level 3: Techniques using inputs that have a material effect on the recognized fair value and are not based on observable market data

More information on the assumptions made in determining the fair values can be found in note 32.

Changes in accounting policies

The accounting policies applied were essentially unchanged compared with the policies applied the previous year. In addition, the Group applied the following new/revised standards that are relevant to BLG LOGISTICS and whose application was mandatory for the first time in the 2020 financial year:

Standards	Application required for financial years starting from
Amendments to IFRS 3 "Business Combinations"	January 1, 2020
Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures" (Interest Rate Benchmark Reform)	January 1, 2020
Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" (Definition of Material)	January 1, 2020
Amendments to Notes to the Conceptual Framework in IFRS Standards	January 1, 2020

Effects of changes in accounting policies

The new/revised standards had no material impact. For this reason, the amounts from the previous year have not been restated.

Non-mandatory application of new or amended standards and interpretations

Application of the following standards and interpretations which were previously adopted, revised or recently issued by the IASB was not yet mandatory in 2020:

Standards	Application required for financial years starting from[1]	Adopted by the EU Commission
Amendments to IFRS 3 "Business Combinations" (Reference to the IFRS Conceptual Framework)	January 1, 2022	No
Amendments to IFRS 4 "Insurance Contracts" (Extension of the Temporary Exemption from Applying IFRS 9)	January 1, 2021	Yes
Amendments to IFRS 9 "Financial Instruments", IAS 39 "Financial Instruments: Recognition and Measurement", IFRS 7 "Financial Instruments: Disclosures, IFRS 4 "Insurance Contracts" and IFRS 16 "Leases" (Interest Rate Benchmark Reform - Phase 2)	January 1, 2021	Yes
Amendments to IFRS 16 "Leases" (COVID-19-Related Rent Concessions)[2]	June 1, 2020	Yes
IFRS 17 "Insurance Contracts"	January 1, 2023	No
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023	No
Amendments to IAS 1 "Presentation of Financial Statements" (Classification of Liabilities as Current or Non-Current)	January 1, 2023	No
Amendments to IAS 1 "Presentation of Financial Statements" and IFRS Practice Statement 2 "Making Materiality Judgements" (Practice Statement)	January 1, 2023	No
Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" (Definition of Accounting Estimates)	January 1, 2023	No
Amendments to IAS 16 "Property, Plant and Equipment" (Proceeds before Intended Use)	January 1, 2022	No
Amendments to IAS 37 "Provisions, Contingent Liabilities and contingent Assets" (Onerous Contracts — Cost of Fulfilling a Contract)	January 1, 2022	No
Various standards: Annual Improvements Project 2018-2020	January 1, 2022	No

[1] Date of initial application in accordance with EU law, where already adopted into EU law.

[2] The IASB has proposed extending the practical relief on COVID-19-related rent concessions until June 30, 2022. The amendment is to apply for annual reporting periods beginning on or after April 1, 2021.

BLG LOGISTICS plans to observe the new standards and interpretations in the consolidated financial statements with the exception of the amendments to IFRS 16 "Leases", which were applied early, from the date on which their initial application is mandatory. The new standards and interpretations that are relevant to the Group's operations will have an impact on the way in which the Group's financial information is published; however, they will not have any material effects on the recognition and the measurement of assets and liabilities or the presentation of the results of operations in the consolidated financial statements. The effects of applying the "COVID-19-related rent concessions" practical relief are described in note 14.

Segment reporting and operating earnings

2. Operations of the BLG Group

As an international seaport-oriented logistics service provider with AUTOMOBILE, CONTRACT and CONTAINER Divisions for its customers in industry and retailing, the BLG Group is represented in over 100 subsidiaries and offices in Europe, North and South America, Africa and Asia.

The services offered range from seaport terminals in Europe to complex international supply chain management with value-added services. The main services of the divisions, divided into business areas, are presented below.

AUTOMOBILE

The AUTOMOBILE Division offers a full range of finished vehicle logistics services in its seaport terminals, inland terminals, car transport, AutoRail and Southern/Eastern Europe business areas.

The locations of the **seaport terminals** business area serve as hubs and are export ports for European vehicle production overseas such as China, Japan, Korea, the US, Australia, South Africa, Russia and Scandinavia. As import ports, these terminals offer all services for the European vehicle market. In addition to passenger car handling, the services also include traditional warehouse logistics and a large number of technical services such as pre-delivery inspection (PDI), special installations and conversions for new and used vehicles. At the end of the 2020 financial year, the logistics for offshore and onshore WindEnergy and High&Heavy cargo handling segments in Bremerhaven was integrated into the seaport terminals business area in order to bundle the expertise in heavy goods handling. As a consequence, the **XXL Logistics** business area was dissolved at the end of the year. Conventional goods handling at Neustadt port in Bremen will in the future also be assigned to the seaport terminals. These include the handling, storage and appropriate treatment of paper and forest products, pipes, sheet metal and project cargo, as well as the handling of other heavy or bulky goods.

The **inland terminals** offer short distances to the European highway network, have their own railway connections, and most have a direct connection to the waterways. This network creates reliable logistics chains from car manufacturers around the world to car dealers and private end customers in the destination countries. The services include passenger car handling, warehouse logistics and technical services, e.g. the preparation of newer used vehicles, auctions, Internet sales.

In addition, through its **Southern/Eastern Europe** business area, BLG LOGISTICS is represented by several maritime and inland terminals in Poland, Russia and Ukraine.

The **car transport and AutoRail** business areas offer transport by road, rail and inland waterways. The services also include individual transports and special shuttle concepts. Our focus here is on modernizing our fleets in order to be able to offer our customers low-emission transport chains.

In the AUTOMOBILE Division, revenue is normally recognized in the amount permitted to be invoiced, as the invoiced amounts correspond directly with the value of the performance completed to date. The services are mostly invoiced and paid on a monthly basis. This is based on the number of vehicles processed or transported and the agreed unit prices. In some cases, the invoice is issued before the performance obligation is fully met or only after all performance steps have been carried out. The portion of the consideration received from customers for which the services have not yet been performed is recognized as contract liabilities in the statement of financial position. In these cases, the sales are only recognized once the services have been transferred to the customer. Services already performed for which no invoice has yet been issued are recognized as contract assets in the statement of financial position.

CONTRACT

The CONTRACT Division develops customized logistics solutions. The focus of its services is on automotive parts, industrial and production logistics, trade and distribution logistics as well as freight forwarding services.

The **industrial logistics (Europe and overseas)** business areas provide logistics activities for the manufacturing industry. For car manufacturers, this includes the procurement logistics of the suppliers, supplying production lines, as well as consolidation, processing, packaging and shipping in order to supply production plants. Complex system services ensure reliable supplies to assembly lines in Germany and abroad. With the pre-assembly of vehicle components and production-related work processes, the industrial logistics business area serves as an extended workbench of automobile manufacturers.

In industrial companies in other sectors, complex goods flows relating to production are designed and optimized. The range of services also includes the supplies to and waste removal from production lines, on-site logistics for the optimal design of internal goods flows, empties management and complex assemblies.

Complex logistics processes are designed, implemented, managed and executed for trading companies in the **retail logistics** business area. In all sectors of the retail logistics business area, solutions are offered to customers from a single source. This applies in particular to the areas of e-commerce, multi-channel retailing, processing and value-added services for goods, the collection and processing of returns, as well as the handling of flat and hanging merchandise in the fashion logistics segment. Individual innovative solutions for renowned customers ensure that comprehensive information and product movements are available via in-house IT expertise. In addition, the retail logistics business area includes the handling and storage of refrigerated and frozen goods at the Bremerhaven container terminal as well as all related services.

The services offered by the **freight forwarding** business area included the arrangement of a wide range of freight forwarding services domestically and abroad and for import and export. BLG LOGISTICS has decided to place a strategic focus on national and international business in the AUTOMOBILE, CONTRACT and CONTAINER Divisions going forward. The nine freight forwarding locations of BLG International Forwarding with around 100 employees will from the start of April 2021 be integrated into the existing network of Rhenus Air & Ocean in Germany. Not affected by the takeover is the Bremen freight forwarding location, which concentrates on overland transport, heavy goods transports, project business and sea freight.

In the CONTRACT Division, revenue is usually recognized in the amount permitted to be invoiced, as the invoiced amounts correspond directly with the value of the performance completed to date. The services are mostly invoiced and paid on a monthly basis. In the freight forwarding business area, invoices are issued at shorter intervals, e.g. weekly. Capital-intensive services such as the provision of space and storage facilities are largely invoiced at fixed prices, but sometimes also according to actual use. The invoicing of personnel-intensive services is based on prices per performance unit or a combination of fixed basic remuneration and variable remuneration per performance unit, sometimes using volume tiers.

CONTAINER

The CONTAINER Division is represented by the joint venture EUROGATE GmbH & Co. KGaA, KG, Bremen, in which BLG holds a 50 percent share. EUROGATE has its own subsidiaries and investees. The EUROGATE Group companies are included in the consolidated financial statements using the equity method of accounting.

The focus of the activities of the EUROGATE Group includes handling containers on the European continent. EUROGATE operates, in some cases with partners, container terminals in Bremerhaven, Hamburg and Wilhelmshaven, Germany, at the Italian locations La Spezia, Ravenna and Salerno, in Tangier, Morocco, in Limassol, Cyprus, in Lisbon, Portugal, and in Ust-Luga, Russia. In addition, EUROGATE has investments in several inland terminals and rail transport companies.

Intermodal services (the transport of sea containers to and from the terminals), repairs, depot storage and trading of containers, cargo-modal services and technical services are offered as secondary services.

3. Notes on segment reporting

In accordance with IFRS 8, segmentation is based on the internal management and reporting structure. With regard to BLG LOGISTICS, this means that segments are reported by division in line with the Group structure, i.e. the CONTAINER Division is still recognized as its own segment in segment reporting and is eliminated again in the reconciliation column. At the same time, the earnings from companies accounted for using the equity method, which primarily include the earnings of the CONTAINER Division, are reported as part of EBIT in line with internal management. This also applies to the other companies accounted for using the equity method.

With one exception, entire companies are each assigned to the AUTOMOBILE, CONTRACT and CONTAINER Divisions. These companies each represent operating segments, which are grouped together for reporting according to division, as they operate in a similar economic environment and are very similar in their services, processes and customer groups.

The AUTOMOBILE and CONTRACT Divisions were subdivided into ten business areas in 2020. Responsibility for the operational management of the business areas, including earnings responsibility, lies with the relevant business area managers of the AUTOMOBILE and CONTRACT Divisions, and with the group management of the subgroup EUROGATE GmbH & Co. KGaA, KG for the CONTAINER Division.

The AUTOMOBILE Division essentially comprises the companies BLG AutoTerminal Bremerhaven GmbH & Co. KG, BLG AutoTerminal Deutschland GmbH & Co. KG, BLG AutoTransport GmbH & Co. KG and BLG AutoRail GmbH.

The significant companies of the CONTRACT Division are BLG Industrielogistik GmbH & Co. KG, BLG Handelslogistik GmbH & Co. KG, BLG Sports & Fashion Logistics GmbH and BLG International Forwarding GmbH & Co. KG.

The CONTAINER Division includes the 50 percent stake in the operational management company EUROGATE GmbH & Co. KGaA, KG of the EUROGATE Group.

The operations of the divisions are described in detail in note 2.

BLG AG and BLG KG, as the management and financial holding companies of the BLG Group, are not an operating segment as defined by IFRS 8. These central departments, with their assets, liabilities, and results, are included in the reconciliation column. For disclosures regarding employees, the central departments are referred to as “Services”. The relevant disclosures can be found in the Group management report.

BLG LOGISTICS is predominantly active in Germany. EUR 1,026,945,000 of Group revenue (previous year: EUR 1,107,315,000) was attributable to Germany and EUR 38,290,000 (previous year: EUR 51,317,000) to other countries. This allocation is based on the location at which the Group performs services. EUR 584,579,000 of the Group’s non-current intangible assets and property, plant and equipment (previous year: EUR 615,272,000) was attributable to Germany and EUR 18,934,000 (previous year: EUR 18,035,000) to other countries.

Around 15 percent (previous year: 16 percent) of total Group revenue was generated with the Group’s largest customer in the AUTOMOBILE and CONTRACT Divisions. Of this amount, EUR 159,564,000 (previous year: EUR 184,054,000) was attributable to Germany and EUR 2,376,000 (previous year: EUR 0) to other countries. Around 11 percent (previous year: 11 percent) of total Group revenue was generated with the Group’s second-largest customer in the AUTOMOBILE and CONTRACT Divisions. Of this amount, EUR 117,074,000 (previous year: EUR 125,643,000) was attributable to Germany and EUR 2,737,000 (previous year: EUR 4,167,000) to other countries.

BLG LOGISTICS is managed on the basis of the financial data for the operating segments determined in accordance with IFRSs; the accounting policies apply to the segments in the same way as to the entire Group. The key performance indicators for the segments are earnings before taxes (EBT), revenue and the EBT margin.

Services between the segments are billed on an arm’s length basis.

Depreciation and amortization relate to the segments’ property, plant and equipment, including right-of-use assets.

Segment assets do not include equity interests in companies accounted for using the equity method, or deferred or current taxes. There are no segment assets not required for operations. In line with internal control, intra-Group subleases are recognized by the end user only.

Segment liabilities include lease liabilities, current liabilities necessary for financing and provisions excluding interest-bearing loans.

Capital investments relate to additions to property, plant and equipment, right-of-use assets and non-current intangible assets.

The reconciliation of the total of the reportable segments with the Group data was as follows for the main items of segment reporting:

Revenue with external third parties EUR thousand	**2020**	2019
Total of the reportable segments	1,337,520	1,449,972
CONTAINER Division	-263,522	-282,304
Consolidation	-8,763	-9,036
Group revenue	**1,065,235**	**1,158,632**

EBIT EUR thousand	**2020**	2019
Total of the reportable segments	-32,344	71,862
Central departments/ other EBIT	-33,689	-21,841
CONTAINER Division	21,601	-33,046
Consolidation	-63,238	29,455
Group EBIT	**-107,670**	**46,430**

EBT EUR thousand	**2020**	2019
Total of the reportable segments	-90,163	50,459
Central departments/ other EBT	-22,534	14,224
CONTAINER Division	67,274	-23,699
Consolidation	-70,704	-3,440
Group segment earnings (EBT)	**-116,127**	**37,544**

Assets EUR thousand	**2020**	2019
Total of the reportable segments	1,408,528	1,475,157
Central departments/ other assets	838,365	809,260
Equity interests in companies accounted for using the equity method	98,662	158,172
Deferred tax assets	2,768	2,473
Reimbursement rights from income taxes	1,222	941
CONTAINER Division	-527,583	-560,814
Consolidation	-627,870	-596,886
Group assets (Assets)	**1,194,093**	**1,288,303**

Liabilities EUR thousand	**2020**	2019
Total of the reportable segments	1,088,247	1,114,971
Central departments/ other liabilities	190,087	185,014
Equity	59,741	203,364
Non-current loans (not including the current portion) adjusted	146,387	86,117
Other non-current financial liabilities	47,660	13,532
Deferred tax liabilities	577	576
Current portion of non-current loans	21,049	18,594
CONTAINER Division	-381,579	-379,323
Consolidation	21,924	45,458
Group liabilities (Equity and Liabilities)	**1,194,093**	**1,288,303**

4. Revenue from contracts with customers

Revenue

In accordance with IFRS 15, revenue is recognized either at a point in time or over time when or as the performance obligation is satisfied and control is passed to the customer.

The amount of the revenue is based on the consideration agreed with the customer in exchange for transferring the promised goods or services.

The main services of the divisions, divided into business areas, are described in note 2.

In the BLG Group, revenue is normally recognized pursuant to IFRS 15.B16 in the amount permitted to be invoiced, as the invoiced amounts correspond directly with the value of the performance completed to date. BLG LOGISTICS therefore makes use of the practical expedient provided by IFRS 15.121 (b) and does not disclose the amount of the remaining performance obligations for these contracts.

The tables below itemize revenue by service type and by business area and allocate the subdivided revenue to the AUTOMOBILE and CONTRACT Divisions. The CONTAINER Division is not included because it is accounted for using the equity method. A breakdown by revenue generated in Germany and abroad is included in note 3.

By service type EUR thousand	AUTOMOBILE 2020	AUTOMOBILE 2019	CONTRACT 2020	CONTRACT 2019	Total 2020	Total 2019
Freight forwarding and transport services	259,942	305,665	137,728	174,828	397,670	480,493
Handling revenue	109,983	129,335	173,356	187,357	283,339	316,692
Other logistics services and advisory services	65,574	80,882	124,543	103,302	190,117	184,184
Rental and storage income	44,720	43,472	38,852	44,026	83,572	87,498
Material sales	10,100	10,672	25,480	8,670	35,580	19,342
Provision of personnel and equipment	1,122	1,685	21,065	16,179	22,187	17,864
Container packing	2,629	2,960	2,325	3,680	4,954	6,640
Shipping income	2,144	3,934	0	0	2,144	3,934
Other	25,163	25,129	29,272	25,892	54,435	51,021
Total	**521,377**	**603,734**	**552,621**	**563,934**	**1,073,998**	**1,167,668**
Consolidation	-4,225	-4,270	-4,538	-4,766	-8,763	-9,036
Total	**517,152**	**599,464**	**548,083**	**559,168**	**1,065,235**	**1,158,632**

By business area EUR thousand	2020	2019
AUTOMOBILE		
Seaport terminals	160,088	180,678
Inland terminals	63,763	74,124
XXL Logistics	57,010	61,379
Car transport	122,241	145,978
AutoRail	98,786	116,496
Southern/Eastern Europe	10,070	16,998
Other	5,194	3,811
	517,152	**599,464**
CONTRACT		
Industrial logistics (Europe)	216,777	244,885
Industrial logistics (overseas)	21,474	26,334
Retail logistics	237,245	195,523
Freight forwarding	72,587	92,426
	548,083	**559,168**
Total	**1,065,235**	**1,158,632**

Assets and liabilities from contracts with customers

Contract assets relate primarily to rights to receive consideration from customers arising from the satisfaction of performance obligations for which no invoice has been issued at the end of the reporting period. They are recognized under other assets in the statement of financial position (note 18).

Contract assets are reclassified as trade receivables if the right to receive consideration becomes unconditional. This is the case if the payment is due or will become due automatically as a result of the passage of time.

Loss allowances reported in net profit or loss are recognized on the basis of expected credit losses using the simplified approach. According to this approach, the amount of the loss allowance is to be determined on the basis of the lifetime expected credit losses. Changes in credit risk do not have to be tracked. The loss allowances are reported net as a separate item in the income statement. Please also refer to note 32.

As the risk structure of the contract assets essentially corresponds to the risk structure of the trade receivables, the same expected credit loss rates are recognized for the loss allowances. The calculation of credit loss rates is described in note 18.

Contract liabilities result from advance payments by the customer or unconditional rights to receive consideration from the customer already existing before the (full) satisfaction of the performance obligations. Revenue is only recognized once the services have been transferred to the customer. They are recognized under other liabilities in the statement of financial position (note 28).

EUR thousand	**12/31/2020**	12/31/2019
Contract assets	6,429	6,514
Contract liabilities	832	1,894

The tables below contain information on the development of contract assets and contract liabilities.

Contract assets EUR thousand	**2020**	2019
As of January 1 (gross)	6,531	6,340
Reclassification to trade receivables (during the year)	-6,240	-6,228
Change from progress in the reporting year	6,158	6,419
As of December 31 (gross)	**6,449**	**6,531**
Loss allowances	-20	-17
As of December 31	**6,429**	**6,514**

Contract liabilities EUR thousand	**2020**	2019
As of January 1 (gross)	1,894	3,634
Revenue recognized in the reporting year:	-1,881	-2,802
of which included in contract liabilities at the beginning of the reporting year	-1,881	-2,802
Increase due to payments received (not including amounts recognized as revenue in the reporting year)	819	1,062
As of December 31	**832**	**1,894**

The credit risk and the expected credit losses for contract assets were as follows as of December 31, 2020 and December 31, 2019:

EUR thousand	**12/31/2020 Not past due**	12/31/2019 Not past due
Expected credit loss rate (weighted average)	0.31%	0.26%
Nominal amounts	6,449	6,531
Loss allowances	-20	-17
Carrying amounts	**6,429**	**6,514**

Loss allowances for contract assets developed as follows:

EUR thousand	**2020**	2019
Amount as of the beginning of the financial year	17	45
Loss allowances for the financial year		
Transfers	7	6
Reversals	-4	-34
Balance as of the end of the financial year	**20**	**17**

5. Other operating income

EUR thousand	**2020**	2019
Income from the reversal of provisions	13,363	15,574
Income from the recharging of expenses	8,689	8,350
Insurance recoveries and other reimbursements	8,363	8,601
Income from prior periods	2,668	3,525
Ground rent and rental income	2,031	2,160
Gains on disposal of property, plant and equipment	1,145	12,828
Income from the provision of personnel	873	1,015
Income from recycling	494	233
Income from capital gains	356	291
Neutral income	29	1,820
Other	8,179	10,781
Total	**46,190**	**65,178**

Of the ground rent and rental income, EUR 1,425,000 (previous year: EUR 1,462,000) is attributable to income from operating leases for own non-current assets and EUR 606,000 (previous year: EUR 698,000) to income from subleases (see note 14).

6. Cost of materials

EUR thousand	**2020**	2019
Expenses for other purchased services	277,894	337,578
Expenses for external personnel	102,245	123,774
Expenses for raw materials, consumables and supplies	74,771	66,807
Change in inventories of work in progress and services and finished products	-5	25
Total	**454,905**	**528,184**

7. Personnel expenses

EUR thousand	**2020**	2019
Wages and salaries	369,299	372,462
Statutory social expenses	75,567	73,045
Expenses for retirement benefits, support and anniversaries	10,225	6,429
Other	385	309
Total	**455,476**	**452,245**

Amounts resulting from the interest cost of personnel provisions, particularly pension provisions, are not recognized as personnel expenses. These are reported as a component of net interest income (expense).

Statutory social expenses include EUR 31,158,000 (previous year: EUR 31,991,000) for contributions to statutory retirement plans. Of this amount, EUR 197,000 (previous year: EUR 229,000) is attributable to key management personnel and EUR 19,000 (previous year: EUR 19,000) to employee representatives on the Supervisory Board.

In 2020, BLG LOGISTICS had an average of 9,991 employees (previous year: 10,067). Of these employees, 7,754 (previous year: 7,859) were blue-collar workers and 2,237 (previous year: 2,208) worked in commercial functions. Please refer to the ▸Group management report and the ▸Segment reporting for further information.

8. Depreciation, amortization and impairment of non-current intangible assets, property, plant and equipment and right-of-use assets from leases

EUR thousand	2020	2019
Depreciation and amortization	89,215	87,812
Impairment	26,217	1,057
Total	**115,432**	**88,869**

A breakdown of the depreciation, amortization and impairment of the individual asset classes can be found in ▸notes 12 and 13.

The impairment losses related with EUR 10,795,000 (previous year: EUR 1,000,000) to the goodwill of BLG Sports & Fashion and with EUR 8,754,000 (previous year: EUR 0) to the goodwill of CGU Spedition.

Depreciation and amortization included depreciation on right-of-use assets from leases in accordance with IFRS 16 of EUR 54,538,000 (previous year: EUR 55,016,000). Further disclosures can be found in ▸note 14.

9. Other operating expenses

EUR thousand	2020	2019
Ground rent and rents	25,693	28,482
Security costs and other property expenses	19,384	15,453
IT expenses	14,227	11,516
Expenses for loss events	12,418	12,734
Expenses for insurance premiums	8,537	9,417
Legal, advisory and audit fees	7,224	6,749
Other personnel expenses	5,852	7,257
Distribution costs	5,630	8,843
Other taxes	3,156	3,141
Postal and telecommunications costs	2,784	2,110
Administrative expenses and contributions	2,617	2,341
Training expenses	2,077	2,773
Book losses for the disposal of assets	1,952	1,326
Other prior-period expenses	1,838	2,088
Other neutral expenses	605	753
Expenses for capital losses	544	223
Other	15,851	13,347
Total	**130,389**	**128,551**

10. Share in profit (loss) of companies accounted for using the equity method

Profit shares from partnerships are realized immediately at the end of the financial year, unless the partnership arrangement links the existence of a withdrawal claim to a separate partner resolution. By contrast, dividends from corporations are recognized through profit or loss only once a profit appropriation resolution exists.

EUR thousand	2020	2019
Income from companies accounted for using the equity method		
Joint ventures	-62,775	21,689
Associates	1,070	1,098
Total	**-61,705**	**22,787**

Income from joint ventures included the CONTAINER Division's earnings of EUR -60,740,000 (previous year: EUR 22,737,000).

11. Net interest income (expense)

EUR thousand	2020	2019
Income from non-current finance receivables	**26**	**42**
Other interest and similar income		
Interest income from lease receivables	6,330	6,069
Interest income from bank balances	462	752
Interest income from amortization of other assets	102	0
Interest income from interest rate swaps	13	17
Other interest income	202	479
	7,110	**7,316**
Interest and similar expenses		
Interest expense from lease liabilities	-11,338	-11,521
Interest expense from non-current loans and other financial liabilities	-1,709	-1,730
Interest expense from interest rate swaps	-894	-798
Interest cost for provisions and liabilities	-532	-2,088
Interest expense for current liabilities to banks	-113	-107
Other interest expense	-1,098	-772
	-15,685	**-17,016**
Total	**-8,549**	**-9,657**

Please refer to note 14 for information on interest income from lease receivables and interest expense from lease liabilities.

Assets and leases

12. Intangible assets

Intangible assets include not only acquired and internally generated intangible assets but also goodwill arising from company acquisitions.

Goodwill represents the excess of the acquisition costs from company acquisitions over the fair value of the Group's interests in the net assets of the acquired companies at the acquisition date. The goodwill recognized is subject to annual impairment testing and measured at its cost less any accumulated impairment. Reversals are not permitted. Gains and losses on the disposal of a company include the carrying amount of the goodwill, which is attributed to the company being deconsolidated.

Acquired intangible assets are capitalized at cost; internally generated intangible assets from which the Group expects to derive future benefit and which can be measured reliably are capitalized at cost and amortized on a straight-line basis over their estimated useful lives. Costs in this context include all direct production costs as well as an appropriate share of production overheads. Financing costs are capitalized if they are attributable to qualifying assets.

The straight-line method is the sole method used for depreciation and amortization, which is presented in the income statement in the item "Depreciation, amortization and impairment of non-current intangible assets, property, plant and equipment and right-of-use assets from leases." This is based on the following standard useful lives:

	2020	2019
Licenses, industrial property rights and similar rights	5-8 years	5-8 years
Software licenses	2-5 years	2-5 years
Internally generated software	3-5 years	3-5 years

No financing costs were capitalized for qualifying assets.

2020 **EUR thousand**	Goodwill	Licenses, industrial property rights and similar rights and assets as well as licenses to such rights and assets	Advance payments on intangible assets	**Total**
Cost				
As of January 1	28,429	65,271	4,566	98,266
Additions	0	2,043	3,367	5,410
Disposals	0	-25,428	-465	-25,893
Reclassifications	0	-370	-111	-481
Exchange rate differences	0	-69	0	-69
As of December 31	**28,429**	**41,447**	**7,357**	**77,233**
Depreciation and amortization expense, impairment losses				
As of January 1	3,796	60,156	0	63,952
Depreciation and amortization	0	2,395	0	2,395
Impairment	19,549	0	0	19,549
Disposals	0	-25,409	0	-25,409
Reclassifications	0	-773	0	-773
Exchange rate differences	0	-65	0	-65
As of December 31	**23,345**	**36,304**	**0**	**59,649**
Carrying amounts as of December 31	**5,084**	**5,143**	**7,357**	**17,584**

2019 **EUR thousand**	Goodwill	Licenses, industrial property rights and similar rights and assets as well as licenses to such rights and assets	Advance payments on intangible assets	Total
Cost				
As of January 1	28,429	65,682	464	94,575
Additions	0	1,182	4,102	5,284
Disposals	0	-1,700	0	-1,700
Reclassifications	0	86	0	86
Exchange rate differences	0	21	0	21
As of December 31	**28,429**	**65,271**	**4,566**	**98,266**
Depreciation and amortization expense, impairment losses				
As of January 1	2,796	58,624	0	61,420
Depreciation and amortization	0	3,162	0	3,162
Impairment	1,000	53	0	1,053
Disposals	0	-1,699	0	-1,699
Exchange rate differences	0	16	0	16
As of December 31	**3,796**	**60,156**	**0**	**63,952**
Carrying amounts as of December 31	**24,633**	**5,115**	**4,566**	**34,314**

The intangible assets include such assets for which there is an operating lease. These developed as follows:

2020 EUR thousand	Licenses, industrial property rights and similar rights and assets as well as licenses to such rights and assets
Cost	
As of January 1	1,175
Additions	12
Disposals	-21
As of December 31	**1,166**
Depreciation and amortization expense, impairment losses	
As of January 1	866
Depreciation and amortization	177
Disposals	-21
As of December 31	**1,022**
Carrying amounts as of December 31	**144**

2019 EUR thousand	Licenses, industrial property rights and similar rights and assets as well as licenses to such rights and assets
Cost	
As of January 1	1,160
Additions	7
Reclassifications	8
As of December 31	**1,175**
Depreciation and amortization expense, impairment losses	
As of January 1	681
Depreciation and amortization	185
As of December 31	**866**
Carrying amounts as of December 31	**309**

Impairment

Overview

All non-financial assets of the Group, with the exception of inventories and deferred tax assets, are tested at the end of the reporting period for indications of possible impairment within the meaning of IAS 36. If such indications are identified, the expected recoverable amount is estimated and compared with the carrying amount.

If there are indications of impairment and if the recoverable amount is less than the amortized cost, impairment is recognized on the intangible assets. If it is not possible to estimate the recoverable amount for an individual asset, the assets are combined to form cash-generating units.

In addition, the recoverable amounts for goodwill, assets with an indefinite useful life and intangible assets not yet completed are estimated at the end of each reporting period regardless of whether there are any indications of impairment.

In accordance with IAS 36, impairment is recognized through profit or loss if the carrying amount of an asset or the related cash-generating unit exceeds its recoverable amount.

If a requirement to recognize a loss allowance is determined for a cash-generating unit, the goodwill of the cash-generating unit in question is first reduced. If a further adjustment of the loss allowance is required, it is uniformly distributed over the carrying amounts of the other assets of the cash-generating unit.

Impairment is recognized in the item “Depreciation, amortization and impairment of non-current intangible assets, property, plant and equipment and right-of-use assets from leases”.

Determination of the recoverable amount

The expected recoverable amount is the higher of an asset’s net realizable value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset or cash-generating unit. The calculations are made in euros on the basis of three-year planning, taking country-specific risks into account. Foreign currencies are translated using forward rates. The Group's weighted average cost of capital of 6.37 percent (previous year: 6.80 percent) is used as the discount rate, which is adjusted to the country-specific tax rate. The weighted average cost of capital is determined by the debt and equity interests, the risk-free base rate taking inflation into account (-0.23 percent, previous year: 0.11 percent), the market risk premium (7.0 percent, previous year: 7.0 percent), the sector-specific risk, the country-specific tax rate and borrowing costs.

The recoverable amounts of cash-generating units are determined based on value-in-use calculations. The tested goodwill and the assumptions underlying the calculations are shown in the following table:

2020	**BLG AutoRail GmbH, Bremen**	**BLG Logistics Automobile St. Petersburg Co. Ltd., St. Petersburg, Russia**	**BLG Sports & Fashion Logistics GmbH, Hörsel**	**Freight forwarding**
Division	AUTOMOBILE	AUTOMOBILE	CONTRACT	CONTRACT
Carrying amount of goodwill (EUR thousand)	4,288	797	0	0
Revenue growth p.a. in % (planning period)	0.0-5.4	44.9-51.4	see continuous text	12.1-19.2
Other parameters for corporate planning	Capacity utilization, price per vehicle, business expansion	Capacity utilization, productivity, price per vehicle	Capacity utilization, productivity, new customers	New customer acquisition, synergy effects
Duration of the planning period	4 years	3 years	3 years	3 years
Revenue growth p.a. in % after the end of the planning period	0.0	0.0	0.0	0.0
Discount rate in %	6.4	6.4	6.4	6.4
2019	BLG AutoRail GmbH, Bremen	BLG Logistics Automobile St. Petersburg Co. Ltd., St. Petersburg, Russia	BLG Sports & Fashion Logistics GmbH, Hörsel	Freight forwarding
Division	AUTOMOBILE	AUTOMOBILE	CONTRACT	CONTRACT
Carrying amount of goodwill (EUR thousand)	4,288	797	10,794	8,754
Revenue growth p.a. in % (planning period)	0.4-1.5	0.1-22.0	see continuous text	5.6-7.7
Other parameters for corporate planning	Capacity utilization, price per vehicle, business expansion	Capacity utilization, productivity, price per vehicle	Capacity utilization, productivity, new customers	New customer acquisition, synergy effects
Duration of the planning period	3 years	3 years	3 years	3 years
Revenue growth p.a. in % after the end of the planning period	0.0	0.0	0.0	0.0
Discount rate in %	6.8	6.8	6.8	6.8

For BLG AutoRail GmbH, Bremen, the recoverable amount based on the assumptions listed in the above table significantly exceeded the carrying amount of the cash-generating unit. Planning takes into account the utilization of railroad cars based on historical data from previous years as well as the conversion of ad hoc transport to portfolio transport. Even with a substantial reduction in the assumptions for revenue growth and other parameters or an increase in the discount rate by one percentage point, the recoverable amount would be above the carrying amount. The sales expectations on which the planning in the AUTOMOBILE Division were based were derived from market forecasts for new car registrations, previous market shares and customer surveys.

The goodwill of the cash-generating unit BLG St. Petersburg was impaired in previous years, with EUR 2,796,000 written down on a carrying amount of EUR 797,000. If EBIT declined by 50 percent, there would currently be no further write-down requirement. An increase in the discount rate by one percentage point would not lead to any further need for write-downs.

The purchase price allocation from the acquisition of shares in BLG Sports & Fashion Logistics GmbH, Hörsel, gave rise to goodwill of EUR 11,794,000. Based on the assumptions presented in the table above, the recoverable amount for this company is below the carrying amount of the cash-generating unit. Accordingly, the goodwill in the amount of EUR 10,794,000 (previous year: EUR 1,000,000) was written down in full. Since the 2019 financial year, the location has been managed as a multi-user location. In addition to various cost-cutting measures, the strategic planning includes contributions to earnings from the acquisition of new customers on the basis of historical data. In this context, the current progress in customer negotiations is in particular taken into account. In the future, this will lead to the almost complete capacity utilization of the company's logistics facilities. On this basis, a rise in revenue of 6.0 percent p.a. was assumed for the 2021 planning period and revenue growth of 32.4 percent p.a. for the following year.

Due to the merger of the companies INFORTRA GmbH, LOGFORTRA GmbH and Arno Rosenlöcher (GmbH & Co. KG) into BLG International Forwarding GmbH & Co. KG in the 2018 financial year, the legal structure now corresponds to the FREIGHT FORWARDING cash-generating unit already recognized on account of the close relationships between the companies. The goodwill of EUR 8,754,000 was written down in full in the reporting year. The planning takes into account cost savings through further synergies as well as the expansion of the freight forwarding services for the AUTOMOBILE Division and, in particular, the CONTRACT Division.

Reversals of impairment losses

If the reasons for the impairment cease to exist, it must be reversed. The reversal is limited to the amortized cost that would have resulted without the impairment.

If the write-downs were distributed evenly across the assets of a cash-generating unit, the same procedure is used for the reversals.

Reversals of impairment on goodwill are not permitted.

13. Property, plant and equipment

Property, plant and equipment are accounted for at cost less depreciation based on use. Production costs include both direct costs and an appropriate share of attributable production overheads. Borrowing costs are recognized in production costs, insofar as they relate to qualifying assets. In accordance with IAS 16, demolition obligations are accounted for at present value as incidental acquisition costs. Expected residual values are usually not taken into account in determining amortization.

The remeasurement method is not used in BLG LOGISTICS.

If the conditions of IAS 16 for the application of the component approach are met, the assets are broken down into their components, which are capitalized individually and depreciated over their useful lives.

Asset-related government grants are deferred and amortized over the useful life of the subsidized asset using the straight-line method. Please refer to note 25.

The straight-line method is the sole method used for depreciation and amortization, which is presented in the income statement in the item "Depreciation, amortization and impairment of non-current intangible assets, property, plant and equipment and right-of-use assets from leases." This is based on the following standard useful lives:

	2020	2019
Buildings, lightweight	10 years	10 years
Buildings, solid construction	20-40 years	20-40 years
Open spaces	10-20 years	10- 20 years
Other handling equipment	4-34 years	4-34 years
Technical plant and machinery	5-30 years	5-30 years
Operating and office equipment	4-20 years	4-20 years
Low-value assets	1 year	1 year

If there are indications of impairment and if the recoverable amount is less than the amortized cost, the property, plant and equipment are impaired (see also note 12 under "Impairment").

Impairment is recognized in the item "Depreciation, amortization and impairment of non-current intangible assets, property, plant and equipment and right-of-use assets from leases." In the 2020 financial year, in addition to depreciation, essentially an impairment loss was recognized on the capitalized heavy truck area.

2020 **EUR thousand**	Land, land rights and buildings, including buildings on third-party land	Handling equipment	Technical plant and machinery	Other equipment, operating and office equipment	Advance payments and assets under construction	**Total**
Cost						
As of January 1	678,208	147,742	167,901	84,557	13,656	1,092,064
Additions	30,945	33,298	22,733	9,271	6,102	102,349
Disposals	-1,141	-10,323	-21,765	-6,194	0	-39,423
Reclassifications	858	154	7,130	313	-11,983	-3,528
Exchange rate differences	-356	-686	-1,270	-717	-17	-3,046
As of December 31	**708,514**	**170,185**	**174,729**	**87,230**	**7,758**	**1,148,416**
Depreciation and amortization expense, impairment losses						
As of January 1	255,489	56,785	120,480	60,317	0	493,071
Depreciation and amortization	42,599	27,498	8,304	8,419	0	86,820
Impairment	6,106	515	46	0	0	6,667
Disposals	-1,017	-8,122	-6,563	-5,031	0	-20,733
Reclassifications	-1,215	-40	-474	-422	0	-2,151
Exchange rate differences	-269	-97	-604	-218	0	-1,188
As of December 31	**301,693**	**76,539**	**121,189**	**63,065**	**0**	**562,486**
Carrying amounts as of December 31	**406,821**	**93,646**	**53,540**	**24,165**	**7,758**	**585,930**

2019 **EUR thousand**	Land, land rights and buildings, including buildings on third-party land	Handling equipment	Technical plant and machinery	Other equipment, operating and office equipment	Advance payments and assets under construction	Total
Cost						
As of January 1	389,540	56,150	155,193	75,300	4,123	680,306
Changes due to IFRS 16	278,415	61,096	9,817	2,361	0	351,689
As of January 1, adjusted	667,955	117,246	165,010	77,661	4,123	1,031,995
Additions	23,855	30,694	2,842	9,253	13,026	79,670
Disposals	-14,343	-1,442	-1,740	-2,781	0	-20,306
Reclassifications	732	1,244	1,136	295	-3,493	-86
Exchange rate differences	9	0	653	129	0	791
As of December 31	**678,208**	**147,742**	**167,901**	**84,557**	**13,656**	**1,092,064**
Depreciation and amortization expense, impairment losses						
As of January 1	222,018	32,801	111,087	55,367	0	421,273
As of January 1, adjusted	222,018	32,801	111,087	55,367	0	421,273
Depreciation and amortization	41,654	24,691	10,751	7,555	0	84,651
Impairment	0	0	2	2	0	4
Disposals	-8,185	-718	-1,616	-2,628	0	-13,147
Exchange rate differences	2	11	256	21	0	290
As of December 31	**255,489**	**56,785**	**120,480**	**60,317**	**0**	**493,071**
Carrying amounts as of December 31	**422,719**	**90,957**	**47,421**	**24,240**	**13,656**	**598,993**

Advance payments and assets under construction of EUR 7,758,000 (previous year: EUR 13,656,000) related exclusively to assets under construction.

No financing costs were capitalized for qualifying assets.

The right-of-use assets from rental agreements and leases included in property, plant and equipment are shown in note 14.

There are no other assets reported under property, plant and equipment that are eligible to be used as collateral for non-current loans. For right-of-use assets recognized in accordance with IFRS 16, title is not transferred for security purposes, as legal ownership remains with the lessor.

The assets included in property, plant and equipment for which there is an operating lease developed as follows:

2020 **EUR thousand**	Land, land rights and buildings, including buildings on third-party land	Handling equipment	Technical plant and machinery	Other equipment, operating and office equipment	Advance payments and assets under construction	**Total**
Cost						
As of January 1	69,033	1,678	64,362	8,559	0	143,632
Additions	1,611	259	11,320	100	57	13,347
Disposals	0	-276	-185	-580	0	-1,041
Reclassifications	1,379	0	0	0	0	1,379
As of December 31	**72,023**	**1,661**	**75,497**	**8,079**	**57**	**157,317**
Depreciation and amortization expense, impairment losses						
As of January 1	28,617	1,354	50,156	7,464	0	87,591
Depreciation and amortization	2,209	118	4,181	307	0	6,815
Disposals	0	-276	-174	-573	0	-1,023
As of December 31	**30,826**	**1,196**	**54,163**	**7,198**	**0**	**93,383**
Carrying amounts as of December 31	**41,197**	**465**	**21,334**	**881**	**57**	**63,934**

2019 **EUR thousand**	Land, land rights and buildings, including buildings on third-party land	Handling equipment	Technical plant and machinery	Other equipment, operating and office equipment	Advance payments and assets under construction	Total
Cost						
As of January 1	69,055	1,637	64,323	8,511	9	143,535
Additions	4	41	39	85	0	169
Disposals	-26	0	0	-38	0	-64
Reclassifications	0	0	0	1	-9	-8
As of December 31	**69,033**	**1,678**	**64,362**	**8,559**	**0**	**143,632**
Depreciation and amortization expense, impairment losses						
As of January 1	26,504	1,228	46,562	7,137	0	81,431
Depreciation and amortization	2,123	126	3,594	359	0	6,202
Disposals	-10	0	0	-32	0	-42
As of December 31	**28,617**	**1,354**	**50,156**	**7,464**	**0**	**87,591**
Carrying amounts as of December 31	**40,416**	**324**	**14,206**	**1,095**	**0**	**56,041**

14. Leases

BLG as lessee

Leases

BLG LOGISTICS' leases primarily cover land, buildings and wharfs. They relate mainly to heritable building rights in the ports of Bremen and Bremerhaven and have remaining terms of up to 28 years. The Group thus secures long-term rights of use to the land required for operations. In addition there are mainly leases for railroad cars, industrial trucks, conveyor systems, HGVs, passenger cars and tractor trucks, which have terms of mainly between three and ten years.

A number of property leases contain extension or termination options. All facts and circumstances that offer an economic incentive to exercise extension options or not to exercise termination options are taken into account when determining the term of leases. Changes in the term of a lease as a result of exercising or not exercising options are taken into account only when they are reasonably certain. As extension or termination options are often agreed in line with corresponding clauses in contracts with customers, the exercise of these options is reviewed in parallel with the contract negotiations with customers. At the same time, potential future cash outflows that are not currently included in the lease liabilities are offset by a similar amount of potential future cash inflows from contracts with customers. The modified lease payments are to be discounted at the interest rate on the date of the lease modification.

In addition, the heritable building right contracts in particular provide for an adjustment of the ground rent on the basis of the consumer price index every five years. The lease payments are stated at the index level applicable at the respective measurement date. The last adjustment was made in 2015. The increase planned for the reporting period was deferred to support Bremen's port and logistics industry in connection with the coronavirus crisis in 2020. These are index-based variable payments, which are accounted for from the date the adjustment of the lease payments takes effect, using an unchanged discount rate.

In most of the leases for railroad cars, the Group has granted residual value guarantees in light of the uncertainties regarding future sales proceeds and the lessors' requirement that BLG LOGISTICS participate in the risks. Only the amounts that are expected to be paid are included in the lease payments. Estimates are based on the expected residual values of the railroad cars at the end of the lease term. They are regularly reviewed and, if necessary, adjusted using an unchanged discount rate. Residual value guarantees of no more than EUR 17.8 million (previous year: EUR 21.2 million) (undiscounted) are not expected to result in payments, so no amounts for residual value guarantees were included in the lease liabilities as of December 31, 2020. There are also a small number of options to purchase railroad cars at fair value.

Recognition and measurement

BLG LOGISTICS as a lessee recognizes assets for the right to use the leased assets and liabilities for the payment obligations entered into. They are recognized at the date from which the underlying asset is available for the Group's use.

IFRS 16 is not applied to leases for intangible assets. BLG LOGISTICS exercises the option for short-term leases and leases of low-value assets and recognizes payments for these leases on a straight-line basis as expenses in the income statement. In the case of contracts that contain other components besides lease components, these components are not separated.

The "COVID-19-related rent concessions" practical relief introduced with the amendment to IFRS 16 was applied to heritable building right contracts and quay utilization contracts. In addition to the postponed increase scheduled for the reporting year, the concession included the interest-free deferral of the payment of ground rents and quay usage charges for the second to fourth quarters of 2020 in the amount of EUR 12,797,000. The present value from the deferral of EUR 121,000 was recognized in interest income. The deferred amounts will be paid in the course of the 2021 financial year. In the case of the other leases, no rent concessions were granted by the contractual partners.

The right-of-use assets are measured at cost, comprising the present value of the outstanding lease payments and lease payments made to the lessor on or before commencement of the lease less lease incentives received, initial direct costs and, if applicable, the estimated costs to dismantle the underlying assets.

Subsequently, the right-of-use assets are depreciated over the shorter of the term of the lease and the useful life in line with the rules for comparable own assets and, if necessary, impaired (see also note 12 under the "Impairment" section).

These are grouped with acquired assets for reporting purposes, taking into account the asset class.

The lease liabilities are measured at the present value of the outstanding lease payments. They are discounted using the interest rate implicit in the lease, if that rate can be determined. Alternatively, they are discounted at the incremental borrowing rate.

The lease payments include fixed lease payments, less lease incentives to be received from the lessor, variable lease payments linked to an index or interest rate, expected payments resulting from residual value guarantees, the exercise price of a purchase option if the exercise is reasonably certain, and penalties payable if termination options are exercised, if their exercise is reasonably certain.

After initial recognition, the lease liabilities are measured at amortized cost using the effective interest method. Interest cost is therefore computed for lease liabilities on the basis of an amount resulting in a constant periodic discount rate for the remaining liabilities. This corresponds to the discount rate determined at the commencement date of the lease, unless a reassessment requires a change in the discount rate. This is the case if changes in the estimate regarding exercise or non-exercise of purchase, extension or termination options arise or changes to the scope, amount of contractual payments or the term of the lease are agreed. Remeasurements using an unchanged discount rate must be made in the event of changes in variable payments linked to an index or interest rate or changes in the estimate of the payments expected to be made under residual value guarantees. Amounts from a remeasurement of the lease liability are recognized at the same time as an adjustment to the right-of-use asset. If the value of the right to use the leased asset is reduced to zero, the remaining adjustment amount is to be recognized in the income statement. Lease payments made less the interest expenses included therein reduce the carrying amount of the lease liabilities.

Right-of-use assets

The following table shows the separate carrying amounts for rights to use leased assets that are included in property, plant and equipment.

EUR thousand	2020	2019
Land, land rights and buildings, including buildings on third-party land	259,855	266,504
Handling equipment	39,202	50,298
Technical plant and machinery	153	5,982
Other equipment, operating and office equipment	1,858	2,415
Total	**301,068**	**325,199**

The additions to right-of-use assets in the 2020 financial year amounted to EUR 37,869,000 (previous year: EUR 30,041,000).

The corresponding lease liabilities are recognized under financial liabilities. Please refer to note 24.

Income statement

The following amounts were recognized in the income statement in connection with leases in which BLG LOGISTICS is the lessee.

EUR thousand	2020	2019
Depreciation and amortization expense, impairment losses		
Land, land rights and buildings, including buildings on third-party land	31,539	30,317
Handling equipment	20,548	19,388
Technical plant and machinery	858	3,995
Other equipment, operating and office equipment	1,593	1,316
	54,538	**55,016**
Other operating expenses		
Expenses for short-term leases	15,405	19,248
Expenses for leases of low-value assets	887	953
	16,292	**20,201**
Interest expense		
Interest expenses from lease liabilities	11,338	11,521
	11,338	**11,521**
Total	**82,168**	**86,738**

Total payments for leases in the financial year amounted to EUR 88,183,000 (previous year: EUR 99,365,000).

In addition to the above amounts, adjustments to the lease liabilities of EUR 121,000 arising from the deferral of payments relating to heritable building right contracts and quay utilization contracts were recognized in interest income in the corresponding amount.

BLG as lessor

Leases

The Group has subleases for land, buildings, wharfs and operating equipment. The terms of these subleases in the main correspond with those of the head leases.

The subleases largely relate to the rights and obligations, transferred under usage transfer agreements, arising from the heritable building rights of the Free Hanseatic City of Bremen (municipality) for properties necessary for the business of the EUROGATE Group. Further information is given in ▸note 15 in the “Joint ventures” section.

Recognition and measurement

As lessor, BLG LOGISTICS classifies leases at commencement as an operating lease or a finance lease.

If the lease transfers in substance all the risks and rewards of ownership, the lease is a finance lease. If this is not the case, the lease is an operating lease.

As intermediate lessor, the Group recognizes the head lease and the sublease separately. If the head lease is a short-term lease for which the recognition option is exercised, the sublease must be classified as an operating lease. In all other cases, the sublease is classified on the basis of the right-of-use asset from the head lease instead of the underlying asset.

In the case of operating leases, the lease payments received are recognized through profit or loss in revenue or other operating income, depending on the items to which they relate.

In the case of finance leases, the leased asset or right-of-use asset from the head lease is derecognized, and a lease receivable is recognized in the amount of the net investment in the lease. Interest income is recognized over the term of the leases in the amount that results in a constant periodic rate of return on the remaining lease receivables. After initial recognition, the lease receivables are reduced by the lease payments received less the interest income included therein. Loss allowances for lease receivables reported in net profit or loss are recognized on the basis of expected credit losses according to the general approach. Please also refer to ▸note 16.

Lease receivables

In the table below, the undiscounted future lease payments from finance leases are presented by due date and reconciled with the recognized lease receivables.

EUR thousand	12/31/2020	12/31/2019
One year or less	23,045	19,798
More than one and less than 2 years	14,136	15,039
More than 2 and less than 3 years	13,598	10,613
More than 3 and less than 4 years	11,307	10,347
More than 4 and less than 5 years	10,939	9,566
More than 5 years	216,691	223,053
Total undiscounted lease payments	**289,716**	**288,416**
Unrealized interest income	74,591	78,330
Lease receivables (net investment in the lease)	**215,125**	**210,086**

Income statement

The following amounts were recognized in the income statement in connection with leases in which BLG LOGISTICS is the lessor.

EUR thousand	2020	2019
Revenue		
Income from operating leases	11,576	10,928
	11,576	**10,928**
Other operating income		
Income from operating leases	1,425	1,462
Income from subleases	606	698
	2,031	**2,160**
Interest income		
Interest income from lease receivables	6,209	6,069
	6,209	**6,069**
Total	**19,816**	**19,157**

In the table below, the undiscounted future lease payments from operating leases are presented by due date.

EUR thousand	12/31/2020	12/31/2019
One year or less	7,909	6,950
More than one and less than 2 years	2,064	1,425
More than 2 and less than 3 years	1,509	1,532
More than 3 and less than 4 years	1,020	0
More than 4 and less than 5 years	633	0
More than 5 years	504	0
Total undiscounted lease payments	**13,639**	**9,907**

15. Equity interests in companies accounted for using the equity method

Equity interests in associates and joint ventures are generally measured using the equity method of accounting. Starting with the cost at the time of the acquisition of the shares, the carrying amount of the investment is increased or decreased by the profit or loss, the changes in other comprehensive income and the other changes in equity of the companies to the extent these are attributable to the shares held by BLG LOGISTICS. In the case of proportionate losses that exceed the carrying amount of an investment accounted for using the equity method, these are also eliminated through profit or loss against non-current loans or receivables attributable to the net investment in the investee. After the application of the equity method, testing must also be carried out to determine whether there are any indications of impairment of the net investment in the investee.

EUR thousand	12/31/2020	12/31/2019
Investments in joint ventures	94,840	154,616
Investments in associates	3,822	3,556
Total	**98,662**	**158,172**

Joint ventures

The change in the carrying amount of the investments in joint ventures was primarily the result of reductions due to proportionate shares in the net profit (loss) for the year (EUR -62,775,000, previous year: EUR 21,689,000), increases due to contributions (EUR 3,768,000, previous year: EUR 12,057,000), changes in other reserves due to the remeasurement of pensions (EUR 565,000, previous year: EUR -10,402,000), the fair-value measurement of financial instruments (EUR 107,000, previous year: EUR 46,000) and other changes (EUR 2,023,000, previous year: EUR -561,000), and decreases due to distributions (EUR -536,000, previous year: EUR -12,697,000) and currency differences (EUR -2,928,000, previous year: EUR 1,686,000). In the previous year, changes in the group of consolidated companies were also included with EUR 1,499,000.

Information about significant joint ventures is presented below.

EUROGATE GmbH & Co. KGaA, KG, Bremen, is a joint venture of BLG KG and EUROKAI GmbH & Co. KGaA, Hamburg, which is structured as an independent entity. BLG KG's interest in the joint venture and its equity investments is 50 percent (previous year: 50 percent) and represents the CONTAINER Division. With this investment, the Group receives rights to the joint venture's net assets rather than rights to its assets and the obligations arising from its liabilities.

The IFRS subgroup financial statements of the EUROGATE Group are consolidated using the equity method. EUROGATE GmbH & Co. KGaA, KG and its subsidiaries are accordingly included in the list of shareholdings under the item "Companies accounted for using the equity method". No listed market price is available for EUROGATE GmbH & Co. KGaA, KG.

The services of the CONTAINER Division are described in ▸note 2.

For the properties necessary for its business, BLG KG has transferred to the EUROGATE Group under usage transfer agreements the rights and obligations arising from the heritable building rights of the Free Hanseatic City of Bremen (municipality).

In the usage transfer agreements, BLG KG undertakes to pay compensation to the EUROGATE Group for buildings erected on the properties used at the expiration of the usage transfer agreement or upon extraordinary termination. The compensation is based on the market value of the buildings. In addition, BLG KG irrevocably surrenders its claims for compensation to the EUROGATE Group upon exercise of the right to reversion under the heritable building right contract by the Free Hanseatic City of Bremen (municipality).

The EUROGATE Group provides technical services for BLG LOGISTICS and pays for electricity used. This is based on the takeover of the electricity supply network in the Bremen seaport in Bremerhaven by "Sondervermögen Hafen" effective January 1, 2008.

In ▸Segment reporting and ▸note 3, this joint venture is represented by the CONTAINER Division.

The following table summarizes the financial information of the IFRS subgroup financial statements of EUROGATE GmbH & Co. KGaA, KG and reconciles this information with the carrying amounts of the investments in joint ventures.

EUR thousand	12/31/2020	12/31/2019
Non-current assets	1,000,980	1,133,503
Current assets	259,042	252,651
Non-current liabilities	-897,982	-922,744
Current liabilities	-182,415	-166,869
Net assets	**179,625**	**296,541**
Equity interest in %	**50.0**	**50.0**
Share of net assets	89,813	148,271
Other equity attributable to non-controlling interests	-378	-189
Group share of net assets (= equity carrying amount)	**89,435**	**148,082**

Current assets included cash and cash equivalents of EUR 142,719,000 (previous year: EUR 129,608,000).

EUR 663,712,000 of the non-current liabilities (previous year: EUR 702,941,000) and EUR 108,272,000 of the current liabilities (previous year: EUR 119,166,000) were attributable to financial liabilities (in each case excluding trade payables, other liabilities and provisions). The financial liabilities resulted with EUR 368,358,000 (previous year: EUR 392,887,000) from non-current and with EUR 22,438,000 (previous year: EUR 20,958,000) from current lease liabilities.

EUR thousand	2020	2019
Revenue	527,044	564,607
Depreciation and amortization	-66,738	-65,548
Impairment	-73,968	-250
Other interest and similar income	1,901	2,083
Interest and similar expenses	-19,500	-20,978
Taxes on income	13,444	-1,884
Net profit (loss) for the year	-121,103	45,514
Other comprehensive income (loss), net of income tax	-3,348	-17,950
Total comprehensive income (loss)	**-124,451**	**27,564**

EUR -60,740,000 of the net loss for the year (previous year: net profit of EUR 22,737,000) and EUR -1,674,000 of other comprehensive income, net of income taxes (previous year: EUR -8,975,000), was attributable to BLG LOGISTICS.

Dividends received from EUROGATE GmbH & Co. KGaA, KG totaled EUR 0 (previous year: EUR 12,559,000). Payment of the previous year's dividend is made in the following year. EUR 3,768,000 (previous year: EUR 11,617,000) of the net profit of the previous year was reinvested.

EUR thousand	2020	2019
Cash flow from operating activities	85,809	60,287
Cash flow from investing activities	-18,961	-76,426
Cash flow from financing activities	-53,737	-7,688
Net change in cash and cash equivalents	**13,111**	**-23,827**
Cash and cash equivalents at start of financial year	129,295	153,122
Cash and cash equivalents at end of financial year	**142,406**	**129,295**
Composition of cash and cash equivalents		
Cash	142,719	129,608
Current liabilities to banks	-313	-313
Cash and cash equivalents at end of financial year	**142,406**	**129,295**

The individual remaining equity interests in joint ventures held by BLG LOGISTICS are considered immaterial. The following table summarizes the carrying amounts, the share in net profit (loss) for the year and the share in the other comprehensive income of these equity investments:

EUR thousand	2020	2019
Carrying amount of investments in other joint ventures	5,405	6,534
Share of		
Net profit (loss) for the year	-2,035	-1,048
Other comprehensive income (loss)	-582	305
Proportionate share of total comprehensive income (loss)	**-2,617**	**-743**

The proportionate share of net profit (loss) for the year results in full from continuing operations.

In the 2020 financial year, negative shares of EUR 773,000 (previous year: EUR 148,000) and positive shares of EUR 0 (previous year: EUR 0) in the total comprehensive income of joint ventures were not included in the Group comprehensive income. At the reporting date, the cumulative negative shares in total comprehensive income at joint ventures not recognized in the Group comprehensive income totaled EUR 863,000 (previous year: EUR 349,000).

Associates

The change in the carrying amount of the investments in associates was primarily the result of increases due to proportionate shares in the net profit (loss) for the year (EUR 1,069,000, previous year: EUR 1,098,000), changes in other reserves due to the remeasurement of pensions (EUR -42,000, previous year: EUR -49,000), and decreases due to distributions (EUR -677,000, previous year: EUR -576,000), currency translation differences (EUR -97,000, previous year: EUR 30,000) and other changes (EUR 13,000, previous year: EUR -39,000). As in the previous year, there were no changes in the group of consolidated companies in the reporting year.

The investments in associates held by BLG LOGISTICS are individually immaterial.

The following table summarizes the carrying amounts, the shares in net profit (loss) for the year attributable to BLG LOGISTICS and the proportionate share in the other comprehensive income (loss) of these equity investments:

EUR thousand	2020	2019
Carrying amount of investments in associates	3,822	3,556
Share of		
Net profit (loss) for the year	1,069	1,098
Other comprehensive income (loss)	-139	-19
Proportionate share of total comprehensive income (loss)	**930**	**1,079**

The proportionate share of net profit (loss) for the year results in full from continuing operations.

In the 2020 financial year, negative shares of EUR 12,000 (previous year: EUR 0) in the total comprehensive income of associates were not included in the Group comprehensive income.

16. Finance receivables

Please refer to note 14 for information on the measurement of lease receivables.

The finance receivables from shareholder accounts in companies accounted for using the equity method relate to profit shares from partnerships classified as debt instruments. As the profit shares are not capital repayments but capital returns, they are measured at fair value through profit or loss.

The other finance receivables of BLG LOGISTICS comprise finance receivables and claims under equity instruments from companies accounted for using the equity method, shareholders and third parties, for which the payments are solely payments of principal and interest and which are held to generate contractual cash flows. They are therefore measured at amortized cost. Interest income is recognized pro rata temporis in the income statement, taking the effective interest return into account. Foreign exchange differences and gains and losses on derecognition are likewise recognized through profit or loss.

Loss allowances for finance receivables reported in profit or loss are recognized on the basis of expected credit losses according to the general approach. According to this approach, a loss allowance is recognized for financial assets whose credit risk has not increased significantly since initial recognition in the amount of the credit losses expected to occur within the next 12 months.

EUR thousand	**2020 Current**	**2020 Non-current**	2019 Current	2019 Non-current
Lease receivables	17,433	197,692	14,179	195,907
Finance receivables from cash management at equity investments	7,429	0	0	0
Other receivables from shareholders	2,820	0	2,651	0
Finance receivables from shareholder accounts in companies accounted for using the equity method	1,003	0	12,787	0
Other loans	126	11	135	15
Loans to companies accounted for using the equity method	12	0	165	764
Miscellaneous other finance receivables	3,456	25	4,373	163
Total	**32,280**	**197,729**	**34,290**	**196,849**

For financial assets for which credit risk has increased significantly since initial recognition, a loss allowance must be recognized in the amount of the lifetime expected credit losses.

Qualitative and quantitative indicators are taken into account when determining whether there has been a significant increase in credit risk since initial recognition. These include historical data, the agreement of forbearance measures and contractual payments that are more than 30 days past due. If financial assets are more than 90 days past due, they are classified as impaired. Loss allowances are recognized if a formal dunning process has been initiated or knowledge has been obtained about the insolvency of a customer.

Financial assets are generally derecognized when BLG LOGISTICS loses control of the underlying rights wholly or in part by selling or discharging them or transferring them to a third party in a manner that qualifies for derecognition. A transfer to a third party qualifies for derecognition when the contractual rights to the cash flows from assets are surrendered, no arrangements for the retention of individual cash flows exist, all the risks and rewards are transferred to the third party and BLG LOGISTICS no longer has control over the assets.

The lease receivables included EUR 5,817,000 of receivables for payments of ground rent deferred in 2020 due to the coronavirus pandemic, which will be repaid in 2021.

As in the previous year, loans to companies accounted for using the equity method are made at interest rates of between 3 and 6 percent.

Due to their fixed interest rates, the loans are subject to an interest rate-linked market price risk; this is not significant for BLG LOGISTICS considering the amount and maturity of receivables.

The maximum exposure to credit risk corresponds to the carrying amount; there are no indications of significant concentrations of credit risk.

The credit risk and the expected credit losses for finance receivables measured at amortized cost were as follows as of December 31, 2020 and December 31, 2019:

12/31/2020 **EUR thousand**	**12 months**	**Residual maturity**		**Total**
		Non-impaired	Impaired	
Loans to companies accounted for using the equity method	0	12	4,109	4,121
Other loans	137	0	0	137
Other receivables from shareholders	2,820	0	0	2,820
Finance receivables from cash management at equity investments	7,429	0	0	7,429
Finance receivables from finance leases	215,126	0	0	215,126
Miscellaneous other finance receivables	3,482	0	0	3,482
Nominal amounts	**228,994**	**12**	**4,109**	**233,115**
Loss allowances	0	0	-4,109	-4,109
Carrying amounts	**228,994**	**12**	**0**	**229,006**

12/31/2019 **EUR thousand**	**12 months**	**Residual maturity**		**Total**
		Non-impaired	Impaired	
Loans to companies accounted for using the equity method	764	165	2,711	3,640
Other loans	150	0	0	150
Other receivables from shareholders	2,651	0	0	2,651
Finance receivables from finance leases	210,086	0	0	210,086
Miscellaneous other finance receivables	4,536	0	0	4,536
Nominal amounts	**218,187**	**165**	**2,711**	**221,063**
Loss allowances	0	0	-2,711	-2,711
Carrying amounts	**218,187**	**165**	**0**	**218,352**

Loss allowances for finance receivables developed as follows:

2020 **EUR thousand**	**12 months**	**Residual maturity**		**Total**
		Non-impaired	Impaired	
Amount as of the beginning of the financial year	0	0	2,711	2,711
Loss allowances for the financial year				
Transfers	0	0	1,410	1,410
Reversals	0	0	-12	-12
Amount as of the end of the financial year	**0**	**0**	**4,109**	**4,109**

2019 **EUR thousand**	**12 months**	**Residual maturity**		**Total**
		Non-impaired	Impaired	
Amount as of the beginning of the financial year	0	0	2,741	2,741
Loss allowances for the financial year				
Transfers	0	0	90	90
Reversals	0	0	-120	-120
Amount as of the end of the financial year	**0**	**0**	**2,711**	**2,711**

17. Inventories

The inventories line item comprises raw materials, consumables and supplies, work in progress and finished goods and merchandise. Initial recognition is at acquisition cost, determined on the basis of average prices, or at production cost. Production cost includes all direct production costs as well as appropriate portions of production overheads and is determined on the basis of normal capacity utilization. Financing costs are not taken into account.

The measurement at the end of the reporting period is at the lower of cost or net realizable value less costs due and, where appropriate, other incurred costs of completion. The net realizable value of the final product is generally taken as a basis.

EUR thousand	**12/31/2020**	12/31/2019
Raw materials, consumables and supplies	15,446	9,942
Finished goods and merchandise	4	4
Total	**15,450**	**9,946**

Inventories are not pledged as collateral for liabilities. Loss allowances of EUR 185,000 (previous year: EUR 83,000) were recognized on inventories as of December 31, 2020. The inventories recognized as expenses in the reporting year amounted to EUR 70,075,000 (previous year: EUR 61,008,000).

18. Trade Receivables, Other Assets and Assets Held for Sale

Trade receivables

Trade receivables are recognized from the settlement date and held in order to generate contractual cash flows. They are therefore measured at amortized cost using the effective interest method.

Loss allowances reported in net profit or loss are recognized on the basis of expected credit losses using the simplified approach. According to this approach, the amount of the loss allowance is to be determined on the basis of the lifetime expected credit losses. Changes in credit risk do not have to be tracked. Loss allowances are reported net in the income statement.

At BLG LOGISTICS the expected credit losses are calculated on the basis of the historical credit loss rates of the last five years according to past-due time bands, adjusted for management estimates regarding the future development of the economic environment, especially estimates of the credit rating of major customers and general economic conditions. In the reporting year, the impacts of the global coronavirus pandemic were taken into account by increasing the future element.

Trade receivables are derecognized upon realization (expiration) or transfer of the receivables to a third party. In addition, trade receivables are derecognized if the inflow of cash is unlikely.

Trade receivables are non-interest bearing, payable within one year and are not to be used as collateral for liabilities. The average credit term is 72 days (previous year: 67 days). The maximum exposure to credit risk corresponds to the carrying amount; there are no indications of significant concentrations of credit risk.

The credit risk and the expected credit losses for trade receivables were as follows as of December 31, 2020 and December 31, 2019:

12/31/2020 EUR thousand	Expected credit loss rate (weighted average)	Nominal amounts	Loss allowances	**Carrying amounts**
Not past due	0.8%	175,447	-1,321	174,126
Less than 30 days	0.5%	23,180	-106	23,074
Between 30 and 90 days	1.6%	7,076	-112	6,964
Between 91 and 180 days	6.9%	2,925	-202	2,723
More than 180 days	36.3%	7,233	-2,625	4,608
Total		**215,861**	**-4,366**	**211,495**

12/31/2019 EUR thousand	Expected credit loss rate (weighted average)	Nominal amounts	Loss allowances	Carrying amounts
Not past due	0.4%	178,874	-674	178,200
Less than 30 days	0.4%	27,452	-118	27,334
Between 30 and 90 days	0.7%	4,370	-31	4,339
Between 91 and 180 days	43.2%	3,730	-1,611	2,119
More than 180 days	38.8%	6,709	-2,602	4,107
Total		**221,135**	**-5,036**	**216,099**

EUR thousand	**12/31/2020**	12/31/2019
Receivables from third parties	209,640	214,578
Receivables from affiliated companies	26	73
Receivables from long-term investees	1,829	1,448
Total	**211,495**	**216,099**

Loss allowances for trade receivables developed as follows:

EUR thousand	2020	2019
Amount as of the beginning of the financial year	5,036	3,176
Changes in group of consolidated companies	-114	0
Loss allowances for the financial year		
- Transfers	1,174	2,058
- Reversals	-202	-132
- Changes in exchange rates	-7	2
Use/derecognition of receivables	-1,521	-68
Amount as of the end of the financial year	**4,366**	**5,036**

In the reporting year, there were also derecognitions of trade receivables of EUR 213,000 (previous year: EUR 253,000), which are reported in the net gains/losses from impairment.

Other financial and non-financial assets

Other assets mainly comprise contract assets. Other financial assets include financial investments, derivative financial instruments (see note 32), and, where appropriate, securities classified as current assets. Other financial assets are recognized at the settlement date. BLG LOGISTICS only holds very small amounts of securities held as current assets.

EUR thousand	12/31/2020 Current	12/31/2020 Non-current	12/31/2019 Current	12/31/2019 Non-current
Other financial assets				
Investments in affiliated companies	0	342	0	343
Other financial investments	0	141	0	143
Miscellaneous financial liabilities	3,005	45	3,041	49
	3,005	**528**	**3,041**	**535**
Other non-financial assets				
Contract assets (note 4)	6,429	0	6,514	0
Receivables from tax and customs authorities	2,209	0	2,741	0
Prepaid expenses	946	0	1,045	0
Receivables from German Infection Protection Act	423	0	0	0
Receivables from Agentur für Arbeit (Labor Agency)	271	0	0	0
Miscellaneous non-financial assets	402	0	781	0
	10,680	**0**	**11,082**	**0**
Total	**13,685**	**528**	**14,123**	**535**

Financial investments include investments in affiliated companies and other long-term equity investments. These are long-term investments that are measured at fair value through other comprehensive income as equity instruments, exercising the option provided by IFRS 9. Even when the equity instruments are disposed of, gains and losses from the measurement of the equity investments are not reclassified to the income statement but to retained earnings. Dividends are recognized through profit or loss, unless they are capital repayments.

The measurement of equity investments at fair value required by IFRS 9 is only forgone if the equity investments are immaterial and there is no active market for the measurement of fair value.

The Group's accounting policies for contract assets are presented in note 4.

Other financial and non-financial assets are stated at their nominal values. Other financial and non-financial assets are non-interest bearing and are not used as collateral for liabilities.

Investments in affiliated companies

Investments in affiliated companies mainly comprise the non-consolidated general partner companies of the fully consolidated operational limited partnerships.

Other equity investments

Other equity investments include companies with dormant or only limited operations in which BLG AG or BLG KG is directly or indirectly entitled to at least 20 percent of the voting rights and which are of only minor importance for giving a true and fair view of the net assets, financial position and results of operations of BLG LOGISTICS.

Current assets classified as held for sale

Under an agreement dated February 23, 2021, BLG Handelslogistik GmbH & Co. KG, Bremen, sold all of its shares in BLG Logistics Solutions Italia S.r.l. with effect from the same date. The background behind this decision is that in Europe BLG wishes to have a more strategic focus on Germany. Consequently, the assets of EUR 3,403,000 and liabilities of EUR 3,812,000 were classified in the financial statements as of December 31, 2020 as held for sale. The assets and liabilities are attributable exclusively to the CONTRACT Division.

19. Cash and cash equivalents

EUR thousand	12/31/2020	12/31/2019
Current account balances	3,342	4,842
Overnight loans and short-term time deposits	9,966	16,678
Cash	49	49
Total	**13,357**	**21,569**

Cash and cash equivalents are subject to the impairment requirements of IFRS 9. No impairment was recognized, as the cash and cash equivalents are primarily held with banks in the European Union and mainly in euros and the requirements have no material effect. As there have been no bad debts in the past and there are no identifiable indicators of future bad debts, they are recognized at nominal value.

Bank balances earn interest at floating rates for demand deposits. Short-term deposits are made for periods varying between one day and one month, depending on the immediate cash requirements of the Group. They earn interest at the current short-term deposit interest rate.

Capital structure

20. Equity

The breakdown of and changes to equity in the 2020 and 2019 financial years are presented in the consolidated statement of changes in equity as a separate component of the consolidated financial statements as of December 31, 2020.

a) Consolidated capital of BLG AG

The share capital (subscribed capital) amounts to EUR 9,984,000.00 and is divided into 3,840,000 approved, no-par registered shares with voting rights. Transfer of the shares requires the approval of the company in accordance with Section 5 of the Articles of Incorporation. The share capital is fully paid as of December 31, 2020.

The retained earnings include the statutory reserve pursuant to Section 150 of the German Stock Corporation Act (AktG) of EUR 998,000 (previous year: EUR 998,000), which is allocated in full, as well as other retained earnings of EUR 9,541,000 (previous year: EUR 9,960,000). In the 2020 financial year, no transfers to or withdrawals from other revenue reserves were made (previous year: withdrawal of EUR 82,000).

b) Consolidated capital of BLG KG

The capital attributable to the limited partner of BLG KG is recognized. The limited liability capital and the capital reserves were almost exclusively provided by contributions in kind.

The capital reserves include elimination of consolidation differences presented on the assets side from the time before transition of the consolidated financial statements to IFRSs.

Retained earnings include, in addition to undistributed profits from previous years, dividend payments and other withdrawals, previous changes in the group of consolidated companies recognized through other comprehensive income, and other changes and shares of consolidated net profit. In addition, retained earnings also include the differences between the German Commercial Code (HGB) and IFRSs existing on January 1, 2004 (date of transition). There is no separate presentation of the net profit or loss of consolidated companies.

The actuarial gains and losses recognized through other comprehensive income from the measurement of gross pension obligations in accordance with IAS 19 and the difference between the expected and actual return on plan assets are reported in “Other reserves”.

The reserve from the fair value measurement of financial instruments includes net gains or losses recognized through other comprehensive income from changes in the fair value of the effective portion of the cash flow hedges. Reserves are generally reversed upon settlement of the underlying transaction. In addition, the reserves are reversed on expiration, disposal, termination or exercise of the hedging instrument, in the event of revocation of the designation of the hedging relationship or non-fulfillment of the requirements for a hedge under IFRS 9. In addition, the reserve contains changes in the measurement of equity investments measured at fair value. Further disclosures on hedge accounting are presented in note 32 in the “Derivative financial instruments” section.

EUR thousand	2020	2019
As of January 1	-8,901	-2,225
Change in reserves	-4,050	-6,676
As of December 31	**-12,951**	**-8,901**

As of the end of the reporting period, the reserve consisted of the fair values of the interest rate swaps qualifying as hedges of EUR -13,183,000 (previous year: EUR -9,025,000), deferred taxes on this amount recognized through other comprehensive income of EUR 453,000 (previous year: EUR 453,000) as well as EUR -221,000 (previous year: EUR -329,000) from the fair values of financial instruments at associates recognized through other comprehensive income.

The foreign currency translation reserve includes foreign exchange effects from the translation of financial statements of consolidated companies in currencies other than the euro.

c) Equity of non-controlling interests

This item contained EUR 5,532,000 (previous year: EUR 8,656,000) for the minority interests in the equity of fully consolidated subsidiaries.

For the development of the individual equity components, please see the separate Consolidated statement of changes in equity.

21. Earnings per share BLG AG

In accordance with IAS 33, basic earnings per share are calculated by dividing the consolidated net profit attributable to BLG AG by the average number of shares. Basic earnings per share for the 2020 financial year amount to EUR 0.29 (previous year: EUR 0.38). This calculation is based on the portion of the consolidated net profit of EUR 1,117,000 (previous year: EUR 1,454,000) attributable to BLG AG and the unchanged number of shares of 3,840,000.

In the calculation of diluted earnings per share, the average number of issued shares is adjusted for the number of all potentially dilutive shares. As in the previous year, there was no deviation in amount from the basic earnings in the reporting year.

Like basic earnings per share, diluted earnings per share are fully attributable to continuing operations.

22. Dividend per share

On June 10, 2020, the Annual General Meeting of BLG AG approved the proposal of the Board of Management and the Supervisory Board to use the net retained profits (in accordance with HGB) of EUR 1,536,000 reported on December 31, 2019 to pay a dividend of EUR 0.40 per share. This represents a pay-out ratio of 105.6 percent. The dividend was distributed to shareholders on June 15, 2020.

For the 2020 financial year, due to the impacts of the coronavirus pandemic on the entire BLG Group, it is proposed to distribute the statutory minimum dividend in accordance with Section 254 of the German Stock Corporation Act (AktG) of EUR 0.11 per share (previous year: EUR 0.40). This represents a pay-out of EUR 422,000. The Board of Management and Supervisory Board propose that the remaining portion of the net retained profits of BLG AG in the amount of EUR 695,000 be appropriated to other reserves.

Shareholders' rights to dividend payments are recognized as a liability in the period in which the corresponding resolution is passed.

23. Non-current loans

EUR thousand	2020	2019
Up to 1 year	21,049	18,594
1 to 5 years	95,387	66,505
More than 5 years	51,000	19,612
Total	**167,436**	**104,711**

Of the loans taken out from banks, a total of EUR 63,529,000 (previous year: EUR 50,297,000) had fixed interest rates and EUR 103,907,000 (previous year: EUR 54,414,000) had variable interest rates.

Assurances have been made to all partner banks with regard to equal treatment and the change-of-control clause.

24. Other financial liabilities

Financial liabilities are recognized as liabilities when the BLG Group becomes party to an agreement. The liabilities are measured at fair value on initial recognition. They are subsequently measured, with the exception of derivatives, at amortized cost using the effective interest method. The measurement of derivatives is described in note 32.

Please refer to note 14 for information on the measurement of lease receivables.

Financial assets and liabilities are only netted and the net amount reported in the statement of financial position when there is a legally enforceable right to do so and there is an intention to settle on a net basis or to settle the corresponding liability at the same time as the relevant asset is sold.

Liabilities are derecognized after settlement, waiver or expiration.

Other financial liabilities break down as follows:

EUR thousand	**12/31/2020 Current**	**12/31/2020 Non-current**	12/31/2019 Current	12/31/2019 Non-current
Bank overdrafts	77,298		63,155	
Lease liabilities	70,774	465,645	68,084	488,407
Loans BLG Unterstützungskasse GmbH	25,600		25,600	
Current portion of non-current loans	21,049		18,594	
Derivatives with negative fair value	13,386		9,550	
Obligations under revenue deductions	5,993	0	5,949	0
Other financial loans	5,816	44,241	3,026	20,373
Cash management with respect to equity investments	2,501		4,426	
Future social concept	936	3,418	801	2,636
Accruals	143	0	140	146
Outstanding purchase price payments from corporate acquisitions	0	0	12,500	0
Other	4,801	0	20,811	0
Total	**228,297**	**513,305**	**232,634**	**511,562**

The outstanding purchase price payments from corporate acquisitions in the previous year related entirely to liabilities arising from the forward purchase of the remaining 49 percent of the shares in BLG Sports & Fashion Logistics GmbH, Hörsel. The forward purchase was made in January 2020.

Other financial liabilities in the previous year included obligations from the acquisition of shares in E.H. Harms Automobile-Logistics in the amount of EUR 2,158,000, which were attributable in the full amount to the current portion and were settled in 2020.

The average effective interest rates as of the end of the reporting period of current account liabilities to banks amounted to 0.5 percent (previous year: 0.6 percent).

Information on (undiscounted) future cash flows from lease liabilities is given in note 32 under "Liquidity risk".

25. Deferred government grants

EUR thousand	**12/31/2020 Non-current**	12/31/2019 Non-current
AUTOMOBILE Division	2,671	2,487
CONTRACT Division	78	89
Total	**2,749**	**2,576**

EUR thousand	**12/31/2020 Current**	12/31/2019 Current
AUTOMOBILE Division	70	70
CONTRACT Division	11	16
Total	**81**	**86**

Investment grants from the government are not recognized until there is reasonable assurance that the attached conditions will be met and that the grant will be awarded. Grants are reported separately under liabilities using the gross method. They are amortized pro rata temporis in accordance with the depreciation of the subsidized assets.

The items set forth in the tables above are deferrals for asset-related grants. The grants of the AUTOMOBILE Division included EUR 1,308,000 (previous year: EUR 1,361,000) for grants from the Federal Railway Authority for replacements and renovations in the rail infrastructure. The deferrals are reversed in line with the depreciation of the subsidized assets. Total income from the reversal of the deferrals totaling EUR 98,000 (previous year: EUR 98,000) was recorded in 2020.

In addition, further income of EUR 3,778,000 was recorded during the year (previous year: EUR 926,000), the full amount of which relates to grants recognized through profit or loss. EUR 2,898,000 of this amount relates to reimbursements of social security contributions by the Agentur für Arbeit (Federal Labor Agency) in connection with the introduction of short-time work. These are reported gross under other operating income.

26. Non-current provisions

Pension obligations are post-employment benefits within the meaning of IAS 19. Pension provisions are measured using the projected unit credit actuarial method prescribed in IAS 19 for defined benefit pension plans. In addition to pension obligations existing at the end of the reporting period, this method also takes into account the future earnings trend, expected pension increases and expected fluctuation. Actuarial gains and losses are fully recognized in other comprehensive income in the period in which they arise. The net interest component, which includes interest expense from the interest cost of the gross pension obligations less the expected return on plan assets, is shown in the financial result. The plan assets bear interest at the applied discount rate on which the measurement of the pension obligations is based. The obligations presented in the statement of financial position are net obligations after offsetting against plan assets.

Anniversary provisions are other long-term employee benefits within the meaning of IAS 19. They are also measured using the projected unit credit actuarial method. The interest component included in the anniversary expenses is shown in the financial result.

EUR thousand	**12/31/2020**	12/31/2019
Personnel-related provisions		
Direct commitments	11,986	8,573
Port pensions	19,663	20,346
Future social concept	33,257	32,966
Anniversary provisions	9,997	9,696
	74,903	**71,581**
Other provisions		
Miscellaneous other non-current provisions	11	11
	11	**11**
Total	**74,914**	**71,592**

Provisions for pensions

All the plans of BLG LOGISTICS are defined benefit plans within the meaning of IAS 19. There are no minimum funding requirements.

The individual commitments of the Group companies form the legal basis for granting benefits. In addition, there are obligations for the payment of a disability pension and a retirement pension from the collective framework agreement for the port employees of German seaport companies, including the special provisions for the ports in the state of Bremen of May 12, 1992. On January 1, 1998, the pension obligations existing at BLG AG up to this date were assumed by the Free Hanseatic City of Bremen (municipality).

There are also pension obligations in accordance with the guidelines of the Siemens pension insurance for employees who were transferred as of October 1, 2001 from SRI Radio Systems GmbH and as of May 1, 2003 from Siemens AG to BLG Logistics Solutions GmbH & Co. KG.

Pension obligations exist for employees who were transferred from Schenker AG as of April 1, 2015 and from Kühne+Nagel (AG & Co.) KG as of January 1, 2016 to BLG Industrielogistik GmbH & Co. KG pursuant to Schenker AG's "Benefit plan 2000" works agreement of February 28, 2003, as well as Schenker AG's "Pension component employee participation" company-wide works agreement of June 9, 2011.

Due to a transfer of operations, BLG Handelslogistik GmbH & Co. KG assumed obligations from Puma AG in the form of identical individual commitments as of October 1, 2018.

In addition, there are obligations to grant and pay retirement, disability and survivor's pensions due to a Group works agreement on ensuring the social future dated March 15, 2005 (future social concept). Significant portions of this benefit plan are made up of annually agreed compensation waivers to be negotiated with the participating employees, while the components of the bonus plan result annually from an employee profit sharing plan established after the end of the financial year.

For parts of the individual commitments and for the obligations within the framework of the future social concept, there are plan assets in the form of qualified insurance contracts within the meaning of IAS 19. The plan assets are managed externally by insurance companies, and specifically include reinsurance cover for pension commitments. The asset values determined by the insurance companies are recognized as fair values.

EUR thousand	12/31/2020	12/31/2019
Reinsurance policies	65,113	61,197
Fair value of plan assets	**65,113**	**61,197**

The provisions are calculated, taking into account the respective underlying contractual agreement in each case, by qualified actuaries applying the projected unit credit method in accordance with IAS 19.

The Group is exposed to various risks in connection with the defined benefit plans. In addition to the general risks of a change in demographic assumptions, these are, in particular, interest rate risk and capital market or investment risk. There are no concentrations of risk.

EUR thousand	12/31/2020	12/31/2019
Present value of defined benefit obligations	131,023	124,107
Fair value of plan assets	-65,113	-61,197
Shortfall (net debt)	**65,910**	**62,910**

Present value of pension obligations

The present value of the defined benefit obligations changed as follows:

EUR thousand	12/31/2020	12/31/2019
Balance at beginning of year	**124,107**	**105,269**
Current service cost	8,631	3,412
Expense from deferred compensation	2,579	2,473
Interest expense	1,390	2,198
Remeasurement		
Adjustments based on historical data	-512	-110
Actuarial gains/losses from changes in financial assumptions	-684	13,808
Utilization (pension payments)	-3,777	-2,916
Reversals	-486	-29
Transfers	17	2
Reclassifications	-242	0
Balance at end of year	**131,023**	**124,107**

The weighted average maturity (duration) of the defined benefit obligations was as follows:

	12/31/2020	12/31/2019
Direct commitments	19 years	16 years
Port pensions	16 years	16 years
Future social concept	12 years	12 years

Fair value of plan assets

The fair value of the plan assets changed as follows:

EUR thousand	12/31/2020	12/31/2019
Balance at beginning of year	**61,197**	**56,470**
Interest income	1,204	1,126
Expenses/income from plan assets (excluding interest income)	326	169
Additions made by the employees included in the plan (e.g. deferred compensation)	2,496	2,337
Employer contributions	2,787	2,738
Utilization (pension payments)	-2,351	-1,609
Reversals	-472	-17
Transfers	-74	-17
Balance at end of year	**65,113**	**61,197**

Net pension expense

The portion of the net pension expense recognized in profit or loss for the period was made up as follows:

EUR thousand	12/31/2020	12/31/2019
Current service cost	8,631	3,412
Interest expenses	186	1,072
Total	**8,817**	**4,484**

The service cost is recognized in the consolidated income statement as personnel expense, and the interest cost for the expected pension obligations is recognized as interest expense. The expected return on plan assets reduces the interest expense.

The actual income from plan assets as of December 31, 2020 amounted to EUR 1,530,000 (previous year: EUR 1,295,000).

Actuarial parameters

The actuarial computation of the material defined benefit pension obligations was based on the following parameters (given in the form of weighted average factors):

12/31/2020 in %	Direct commitments	Port pensions	Future social concept
Discount rate	1.2	1.2	1.2
Rate of salary increases	1.6	0.0	0.0
Rate of pension increases	1.7	1.0	0.0

12/31/2019 in %	Direct commitments	Port pensions	Future social concept
Discount rate	1.2	1.1	1.1
Rate of salary increases	1.5	0.0	0.0
Rate of pension increases	1.6	1.0	0.0

The mortality rate underlying the calculation of the present value of the material defined benefit pension obligations is based as in the previous year on the 2018 G mortality tables by Prof. Dr. Klaus Heubeck.

Sensitivity analyses

The present value of the pension obligations depends on a number of factors based on actuarial assumptions. The net expense (or income) used in determining assumptions for pensions includes the discount rate. Any change in these assumptions will impact the carrying amount of the pension obligation.

BLG LOGISTICS determines the appropriate discount rate at the end of each year. This is the interest rate used in determining the present value of expected future cash outflows required to settle the obligation. In determining the discount rate, the Group uses as its basis the interest rates of top-rated corporate bonds that are denominated in the currency in which the benefits are paid and with maturities corresponding to those of the pension obligation.

An increase or decrease in the principal actuarial assumptions in the amount of the expected future development would have the following effects compared to the parameters actually applied to the present value of pension obligations:

EUR thousand	12/31/2020 Higher	12/31/2019 Higher
Discount rate (50 basis points)	-8,219	-7,550
Rate of salary increases (50 basis points)	334	108
Rate of pension increases (50 basis points)	3,032	2,010

EUR thousand	12/31/2020 Lower	12/31/2019 Lower
Discount rate (50 basis points)	9,133	8,906
Rate of salary increases (50 basis points)	-318	-105
Rate of pension increases (50 basis points)	-1,437	-1,835

The sensitivity calculations are based on the average maturity of the pension obligations determined as of December 31, 2020. The calculations were carried out on an isolated basis for actuarial assumptions which have been identified as significant to separately illustrate the potential impact on the calculated present value of pension obligations. As the average duration of the expected pension liabilities is based on the sensitivity analyses and consequently the expected payment dates are not taken into consideration, they only result in approximate information or statements about trends.

Funding of pension obligations

The funding of the pension contracts entered into for the Board of Management and senior staff and the agreements for the future social concept are fully covered by reinsurance cover for pension commitments pledged in favor of the beneficiaries. The pension contracts are solely funded by the employer; the future social concept is funded by contributions made by employees and a performance bonus paid by the employer. There is no obligation to participate in the future social concept. The port pension does not contain any plan assets.

For the subsequent financial year, the company expects payments to the defined benefit plans of EUR 2,249,000 (previous year: EUR 2,823,000).

Anniversary provisions

EUR thousand	Non-current	Current
As of 01/01/2020	9,696	597
Utilization	0	-450
Reversal	-30	0
Addition	332	236
Transfer	-2	0
As of 12/31/2020	**9,996**	**383**

Provisions for anniversaries take into consideration the contractually guaranteed rights of Group employees to receive anniversary bonuses. Recognition is based on actuarial reports, which make calculations based on a discount rate of 1.2 percent (previous year: 0.8 percent). The interest cost of EUR 84,000 was included in the addition for the reporting year of EUR 568,000.

Other non-current provisions

Other non-current provisions amounted to EUR 11,000 (previous year: EUR 11,000).

Non-current provisions with a remaining maturity of more than one year are discounted at the capital market interest rate corresponding to their maturity.

27. Trade payables

EUR thousand	2020	2019
Liabilities to third parties	49,813	67,834
Obligations from outstanding invoices	22,078	22,640
Liabilities to investees	13,024	3,083
Liabilities to affiliated companies	226	263
Total	**85,141**	**93,820**

28. Other financial and non-financial liabilities

Liabilities from partial retirement agreements as obligations arising from post-employment benefits (termination benefits) are measured using the projected actuarial unit credit method.

A liability is recognized based on collective bargaining and individual agreements. Recognition, which includes payments in arrears from current partial retirement arrangements and top-up amounts for building reserves, is based on actuarial reports.

The Group's accounting policies for contract liabilities are presented in note 4.

EUR thousand	12/31/2020 Current	12/31/2020 Non-current	12/31/2019 Current	12/31/2019 Non-current
Other financial liabilities				
Liabilities for variable remuneration	3,899	0	6,827	367
Liabilities to employees from wages and salaries	5,793	0	3,885	0
Obligations to employees from restructuring	534	0	4,233	0
Other financial obligations	0	0	0	2
	10,226	**0**	**14,945**	**369**
Other non-financial liabilities				
Obligations from outstanding holiday leave	13,246	0	14,331	0
VAT liabilities	8,941	0	12,762	0
Advance customs duties	5,162	0	7,899	0
Short-term employee benefits	1,386	0	1,622	0
Partial retirement obligations	855	242	393	765
Advance payments	779	0	1,170	0
Contract liabilities	657	175	1,833	61
Other non-financial liabilities	1,668	0	1,820	0
	32,694	**417**	**41,830**	**825**
Total	**42,920**	**417**	**56,775**	**1,194**

29. Current provisions

Provisions are recognized if a liability to a third party results from a past event which is expected to result in an outflow of assets and can be reliably measured. They represent uncertain liabilities that are recognized at the amount of the best estimate. The amount of the provision also includes the expected cost increases.

EUR thousand	As of 01/01/2020	Utilization	Reversal	Reclassification	Addition	As of 12/31/2020
Allocations for insurance costs	1,429	-738	-47	-30	1,430	2,044
Onerous contracts	4,471	-2,228	-906	0	7,491	8,828
Warranty risks	4,023	-150	-1,200	0	474	3,147
Miscellaneous other provisions	12,472	-2,741	-4,042	0	9,981	15,670
Total	**22,395**	**-5,857**	**-6,195**	**-30**	**19,376**	**29,689**

The allocations for insurance costs primarily result from obligations with respect to the liability loss compensation fund of German metropolitan areas.

The provisions for onerous contracts were allocated as follows: EUR 8,728,000 to the CONTRACT Division, EUR 100,000 to the AUTOMOBILE Division. The provisions relate to contracts with customers for which the estimated costs are not expected to be covered by the agreed revenue. The level of the risks from onerous contracts may increase significantly as a result of changes in circumstances over time. Based on our current estimation, a risk of this kind should be viewed as low.

For warranty risks from possible warranty liabilities and fair-dealing obligations, provisions of EUR 2,673,000 were carried forward from previous years. Overall, there is broad discretion in measuring these provisions, as there are no comparable items or other historical data.

Miscellaneous other provisions included other operating taxes of EUR 753,000 (previous year: EUR 470,000) and archiving costs of EUR 1,348,000 (previous year: EUR 1,348,000). In addition, miscellaneous other provisions included potential obligations in connection with recourse claims by business partners of EUR 3,000,000 (previous year: EUR 0) as well as maintenance obligations toward third-parties at rented halls/surface areas of EUR 1,246,000 (previous year: EUR 1,055,000).

30. Contingent liabilities

The existing contingent liabilities at BLG LOGISTICS in favor of companies accounted for using the equity method are presented below.

EUR thousand	2020	2019
Overall share in contingent liabilities		
of joint ventures	328	250
of associates	29	29
Total	**357**	**279**

Contingent liabilities are measured at their nominal amounts. Maximum guarantees are recognized at their maximum amount. Based on the relationships at the end of the reporting period, the actual contingent liabilities totaled EUR 47,000 (previous year: EUR 204,000) on the basis of the underlying liabilities. The contingent liabilities primarily relate to the collateralization of credit lines.

Taking into account the knowledge gained up to the time this document was prepared, it can currently be assumed that all obligations underlying the contingent liabilities can be met by the respective principal debtors. The risk of a claim is considered low.

31. Other financial liabilities

EUR thousand	12/31/2020	12/31/2019
Order commitments	53,120	50,388
Other financial liabilities	1,170	1,596
Total	**54,290**	**51,984**

Other financial obligations are measured at their nominal amounts. The order commitments result from contracts entered into for the purchase of property, plant and equipment. Most of the net obligations arising from the order commitments are due within the next two years.

Financial instruments

32. Financial instruments

Classification of financial assets and financial liabilities
The classification of financial assets is based on the entity's business model for their management and the contractual cash flow characteristics of the assets.

Measuring debt instruments at amortized cost is only permitted if a financial asset is held within a business model whose objective is to generate contractual cash flows from the asset and the contractual arrangements provide fixed dates for the payments. In addition, these payments must be solely payments of principal and interest.

If not all these criteria are met, the measurement must be at fair value. There is an irrevocable option to measure equity instruments not held for trading at fair value through other comprehensive income. In this case, all changes in value, with the exception of dividends, must be presented in other comprehensive income without the option of reclassification to profit or loss.

Carrying amounts and fair values of financial instruments by class, item in the statement of financial position and measurement category under IFRS 9
In the tables shown on the following pages, the financial instruments are listed according to the above criteria, including the indication of their level in the fair value hierarchy. The measurement categories are described in notes 16 and 18 and in the "Derivative financial instruments" section.

Classification to the levels of the fair value hierarchy is based on the measurement methods used and is described in note 1 in the "Determination of fair values" section.

Carrying amounts of financial instruments classified by item in the statement of financial position, class and category

EUR thousand 12/31/2020 Assets	Carrying amounts					Fair values	
	Cost	Fair value through profit or loss	Fair value through other comprehensive income	Fair value Hedging	**Total Carrying amount**	Fair value level	Fair value
Financial assets measured at fair value							
Non-current							
Investments in affiliated companies and other long-term equity investments	0	0	483	0	483	3	not stated
Current							
Current finance receivables	0	1,003	0	0	1,003	3	not stated
	0	**1,003**	**483**	**0**	**1,486**		
Financial assets not measured at fair value							
Non-current							
Lease receivables	197,692	0	0	0	197,692		not stated
Other non-current finance receivables	36	0	0	0	36	3	not stated
Miscellaneous other non-current assets	45	0	0	0	45	2	not stated
Current							
Trade receivables	211,495	0	0	0	211,495		not stated
Lease receivables	17,433	0	0	0	17,433		not stated
Current finance receivables	13,844	0	0	0	13,844		not stated
Miscellaneous other current assets	3,005	0	0	0	3,005		not stated
Cash and cash equivalents	13,357	0	0	0	13,357		not stated
	456,907	**0**	**0**	**0**	**456,907**		

EUR thousand 12/31/2020 Equity and Liabilities	Carrying amounts					Fair values	
	Cost	Fair value through profit or loss	Fair value through other comprehensive income	Fair value Hedging	Total Carrying amount	Fair value level	Fair value
Financial liabilities measured at fair value							
Current							
Hedged derivatives	0	0	0	13,386	13,386	2	13,386
	0	**0**	**0**	**13,386**	**13,386**		
Financial liabilities not measured at fair value							
Non-current							
Non-current loans	146,387	0	0	0	146,387	3	145,737
Non-current lease liabilities	465,645	0	0	0	465,645		not stated
Other non-current financial liabilities	47,660	0	0	0	47,660	2	not stated
Miscellaneous other non-current liabilities	0	0	0	0	0	2	not stated
Current							
Trade payables	85,141	0	0	0	85,141		not stated
Current financial liabilities to banks	98,347	0	0	0	98,347	3	98,103
Current lease liabilities	70,774	0	0	0	70,774		not stated
Other current financial liabilities	45,790	0	0	0	45,790		not stated
Other current liabilities	10,226	0	0	0	10,226		not stated
	969,971	**0**	**0**	**0**	**969,971**		

EUR thousand 12/31/2019 Assets	Carrying amounts: Cost	Carrying amounts: Fair value through profit or loss	Carrying amounts: Fair value through other comprehensive income	Carrying amounts: Fair value Hedging	Carrying amounts: Total Carrying amount	Fair values: Fair value level	Fair values: Fair value
Financial assets measured at fair value							
Non-current							
Investments in affiliated companies and other long-term equity investments	0	0	486	0	486	3	not stated
Current							
Hedged derivatives	0	0	0	0	0	2	0
Current finance receivables	0	12,787	0	0	12,787	3	not stated
	0	**12,787**	**486**	**0**	**13,273**		
Financial assets not measured at fair value							
Non-current							
Lease receivables	195,907	0	0	0	195,907		not stated
Other non-current finance receivables	942	0	0	0	942	3	not stated
Miscellaneous other non-current assets	49	0	0	0	49	2	not stated
Current							
Trade receivables	216,099	0	0	0	216,099		not stated
Lease receivables	14,179	0	0	0	14,179		not stated
Current finance receivables	7,324	0	0	0	7,324		not stated
Miscellaneous other current assets	3,041	0	0	0	3,041		not stated
Cash and cash equivalents	21,569	0	0	0	21,569		not stated
	459,110	**0**	**0**	**0**	**459,110**		

EUR thousand 12/31/2019 Equity and Liabilities	Carrying amounts Cost	Fair value through profit or loss	Fair value through other comprehensive income	Fair value Hedging	Total Carrying amount	Fair values Fair value level	Fair value
Financial liabilities measured at fair value							
Current							
Hedged derivatives	0	0	0	9,550	9,550	2	9,550
	0	**0**	**0**	**9,550**	**9,550**		
Financial liabilities not measured at fair value							
Non-current							
Non-current loans	86,117	0	0	0	86,117	3	86,482
Non-current lease liabilities	488,407	0	0	0	488,407		not stated
Other non-current financial liabilities	23,155	0	0	0	23,155	2	not stated
Miscellaneous other non-current liabilities	369	0	0	0	369	2	not stated
Current							
Trade payables	93,820	0	0	0	93,820		not stated
Current financial liabilities to banks	81,749	0	0	0	81,749	3	81,949
Current lease liabilities	68,084	0	0	0	68,084		not stated
Other current financial liabilities	73,252	0	0	0	73,252		not stated
Other current liabilities	14,945	0	0	0	14,945		not stated
	929,897	**0**	**0**	**0**	**929,897**		

The non-current financial assets included equity instruments of EUR 483,000 (previous year: EUR 486,000) for which BLG LOGISTICS has exercised the option to recognize changes in fair value through other comprehensive income. These are immaterial shares in corporations for which there is no active market and the fair value cannot be reliably determined using measurement methods. Cost is therefore the best estimate of fair value.

In the reporting year, equity interests in an investee with a carrying amount of EUR 2,000 were derecognized in the course of deconsolidation of BLG Automobile Logistics Italia S.r.l. i. L., Gioia Tauro, Italy. Apart from this, no shares in these corporations were derecognized or sold in the reporting year. There are no plans to sell or derecognize parts of the reported equity investments in the near future.

Current finance receivables relate to profit shares from partnerships classified as debt instruments. As the profit shares are not capital repayments but capital returns, they are measured at fair value through profit or loss.

With the exception of non-current bank loans, there are no significant differences between the carrying amounts and fair values of the financial instruments. The carrying amounts of trade receivables, current finance receivables, miscellaneous other finance receivables and cash and cash equivalents essentially correspond to their fair values on account of their short-term nature. The investments in affiliated companies and current finance receivables from shareholder accounts were already measured at fair value, so there is no deviation from the carrying amount here. In the case of non-current finance receivables, the carrying amount approximates fair value due to materiality. The carrying amounts of trade payables, current financial liabilities and other current financial liabilities essentially correspond to their fair values on account of their short-term nature. In the case of other non-current financial liabilities, the carrying amount approximates fair value due to the regular adjustment of the interest rate.

The following significant methods and assumptions were used to determine the level 3 fair values:

The fair values are determined using the discounted cash flow method based on the expected future cash flows and current interest rates for comparable borrowing arrangements that are either directly or indirectly observable on the market.

The yield curve of risk-free German government bonds plus a company-specific, matched-term risk premium is used as the market interest rate. With installment payment arrangements, the risk premium over the average maturity is taken into account.

The level 2 fair values of derivative financial instruments are based on external fair value measurements. The variable cash flows are determined using the forward rates of the benchmark rates used for the hedging instruments. The credit spread is not the subject of the hedging relationship.

The finance receivables measured at fair value in Level 3 relate to the recognition of profit shares of partnerships (see note 16), so that a separate measurement method is not applied here, as the recognition is derived from the respective financial statements and equity interests in the partnerships. On the basis of the finance receivables as of December 31, 2019 in the amount of EUR 12,787,000, payment of a profit share of EUR 12,559,000 was made. Receivables as of December 31, 2020 in the amount of EUR 1,003,000 mainly related to proportionate profits in partnerships.

Movements between the different levels of the fair value hierarchy are recognized at the end of the reporting period in which they occur. In the reporting year, no movements occurred.

Net earnings by measurement category
The following net earnings are attributable to the measurement categories of the financial instruments:

2020 **EUR thousand**	From interest rates	From dividends	From disposal	Fair value	**Net earnings**
	Subsequent measurement				
Financial assets at amortized cost	7,123	0	-213	0	6,910
Equity instruments at fair value through other comprehensive income	0	92	0	0	92
Hedging instruments	-881	0	0	-6	-887
Financial liabilities at amortized cost	-14,416	0	0	0	-14,416
Total	**-8,174**	**92**	**-213**	**-6**	**-8,301**

2019 **EUR thousand**	From interest rates	From dividends	From disposal	Fair value	Net earnings
	Subsequent measurement				
Financial assets at amortized cost	7,342	0	-421	0	6,921
Equity instruments at fair value through other comprehensive income	0	91	0	0	91
Hedging instruments	-781	0	0	92	-689
Financial liabilities at amortized cost	-14,997	0	0	0	-14,997
Total	**-8,436**	**91**	**-421**	**92**	**-8,674**

Aims and methods of financial risk management
The principal financial instruments used to finance the Group include non-current borrowings, current loans, lease liabilities, other financial loans and cash, including short-term deposits with banks. The focus is on financing the operations of BLG LOGISTICS. BLG LOGISTICS has access to a range of other financial instruments, such as trade receivables and payables, that arise directly as part of its operations.

Financial risk management is the responsibility of the Treasury department, whose tasks and objectives are described in a guideline approved by the Board of Management. The central task besides managing liquidity and arranging financing is the minimization of financial risks at Group level. This includes preparing and analyzing financing and hedging strategies and contracting hedging instruments.

The material risks for the Group resulting from financial instruments are credit risks, foreign currency risks, liquidity risks and interest rate risks. The Board of Management creates risk management guidelines for each of these risks, which are summarized below, and verifies compliance with these guidelines. At Group level the existing market price risk for all financial instruments is also monitored.

Hedge accounting is applied if derivative financial instruments are used as hedging instruments and the requirements for hedge accounting in accordance with IFRS 9 are met. The objective is to reduce inconsistencies in recognition or measurement arising for example from gains or losses from a hedging instrument not being recognized in the same place in the financial statements as the gains or losses from the hedged risk. The Group's accounting policies for derivatives and other disclosures on hedge accounting are presented in the "Derivative financial instruments" section.

Credit risk

The Group's credit risk mainly results from trade receivables and lease receivables. The amounts shown in the consolidated statement of financial position do not include loss allowances for expected credit losses. Due to the ongoing monitoring of receivables by the management, BLG LOGISTICS is not currently exposed to any significant credit risks. Disclosures related to credit risk and expected credit losses from trade receivables and lease receivables are contained in notes 16 and 18.

The credit risk in respect of cash and derivative financial instruments is limited because these are currently held exclusively at banks that have been awarded high credit ratings from international rating agencies, that are highly secure thanks to a joint liability scheme and/or at which there are offsetting opportunities via non-current borrowings.

The maximum credit risk of the Group is represented by the carrying amounts of the financial assets recognized in the statement of financial position (including derivative financial instruments with positive fair value). At the reporting date, there were no significant credit risk mitigation agreements or hedges. The Group is also exposed to credit risk through the acquisition of financial guarantees; at the end of the reporting period, this amounted to a maximum of EUR 48,000 (previous year: EUR 204,000).

There are no significant concentrations of credit risk in the Group.

Impairment of financial instruments

At BLG LOGISTICS, the impairment requirements apply to financial assets measured at amortized cost, lease receivables and contract assets. They are reported in the net gains/losses from impairment. In addition, this item includes impairment of equity instruments measured at fair value through profit or loss. In these cases, the impairment is the difference between cost and fair value of the equity instrument in question.

EUR thousand	2020	2019
Financial instruments at cost		
Impairment on trade receivables and contract assets		
Addition to loss allowance	-1,181	-2,064
Reversal of loss allowances recognized in previous years	206	166
Derecognitions due to uncollectability	-213	-420
	-1,188	**-2,318**
Financial instruments at fair value		
Impairment of equity instruments measured at fair value through profit or loss		
	0	**0**
Total	**-1,188**	**-2,318**

Foreign currency risk

With very few exceptions, the Group companies operate in the eurozone and invoice only in euros. In this respect, currency risk could only arise in isolated cases, such as from foreign dividend income or the purchase of goods and services from abroad. An interest rate and currency swap has been concluded to hedge against the foreign currency risk from a variable USD loan granted in the context of Group financing. Further information is presented in the "Derivative financial instruments" section.

As of December 31, 2020 and December 31, 2019, there were no significant currency risks in the Group.

Capital risk management

An important capital management goal for BLG LOGISTICS is to ensure the ability of the company to continue as a going concern in order to provide earnings to shareholders and to provide other stakeholders with the benefits to which they are entitled. Additional goals are to optimize liquidity security and maintain an optimum capital structure in order to reduce the costs of capital in general and the refinancing risk in particular in the long term.

BLG LOGISTICS monitors its capital on the basis of the equity ratio and other key figures. Assurances have been made to all partner banks with regard to equal treatment and the change-of-control clause.

In 2020, the strategy continued to be to secure access to external funds at acceptable costs.

Liquidity risk

Liquidity risks may arise from payment bottlenecks and the resulting higher financing costs. The Group's liquidity is ensured by central cash management at the level of BLG KG. All significant subsidiaries are included in cash management. Due to the centralized management of capital expenditure and credit management, financial resources (loans/leases) can be provided in good time to meet all payment requirements.

The Group's liquidity needs are covered by cash and committed credit lines. As of December 31, 2020, the Group had unused current account credit lines of around EUR 53 million (previous year: around EUR 48 million).

BLG LOGISTICS additionally has the possibility to participate in the cash pooling facility of the Free Hanseatic City of Bremen in an amount of up to EUR 50 million, as well as to take out a non-current loan of EUR 50 million via a state guarantee through Bremer Aufbau-Bank together with a partner bank.

Due to the coronavirus pandemic, the payments of ground rent for the 2nd to 4th quarters were deferred in the reporting year. At the same time, payments for heritable building rights passed on to EUROGATE were deferred in the same period. On balance, this resulted in a positive effect on the liquidity position in the amount of EUR 7 million. The deferred amounts are to be repaid in 2021 with a corresponding negative effect on the liquidity situation.

The following tables show the contractually arranged (undiscounted) interest payments and principal repayments of non-current financial liabilities and derivative financial instruments (interest rate swaps).

12/31/2020 EUR thousand		Cash flows 2021	2022	2023–2025	2026–2030	2031 ff.	Total	Carrying amounts (derivatives netted)
Non-derivatives								
Non-current loans from banks	Fixed interest rate	1,023	838	1,348	510	0	3,719	
	Floating interest rate	828	648	1,243	904	0	3,623	
	Repayment	21,049	35,365	60,022	51,000	0	167,436	167,436
Lease liabilities	Fixed interest rate	14,691	9,319	24,805	33,756	55,881	138,452	
	Floating interest rate	0	0	0	0	0	0	
	Repayment	66,225	45,479	82,683	87,399	247,873	529,659	536,420
Other financial loans	Fixed interest rate	631	557	1,215	641	0	3,043	
	Floating interest rate	0	0	0	0	0	0	
	Repayment	5,808	5,882	17,554	20,802	0	50,046	50,057
Total		**110,255**	**98,088**	**188,870**	**195,012**	**303,754**	**895,978**	**753,913**
Derivatives								
Interest rate swaps/interest rate and currency swaps	Proceeds	-816	-812	-2,029	-100	-296	-4,053	
	Payments	1,731	1,911	6,926	7,593	2,325	20,486	-13,386
Total		**915**	**1,099**	**4,897**	**7,493**	**2,029**	**16,433**	**-13,386**

12/31/2019 **EUR thousand**		Cash flows 2020	2021	2022–2024	2025–2029	2030 ff.	Total	Carrying amounts (derivatives netted)
Non-derivatives								
Non-current loans from banks	Fixed interest rate	859	668	981	41	0	2,549	
	Floating interest rate	416	344	384	381	0	1,525	
	Repayment	18,594	16,956	49,549	19,612	0	104,711	104,711
Lease liabilities	Fixed interest rate	10,937	9,887	25,917	35,240	61,949	143,930	
	Floating interest rate	0	0	0	0	0	0	
	Repayment	67,953	52,450	87,018	89,666	256,960	554,047	556,491
Other financial loans	Fixed interest rate	208	182	377	177	0	944	0
	Floating interest rate	0	0	0	0	0	0	0
	Repayment	2,819	2,846	8,602	8,921	0	23,188	23,399
Total		**101,786**	**83,333**	**172,828**	**154,038**	**318,909**	**830,894**	**684,601**
Derivatives								
Interest rate swaps/interest rate and currency swaps	Proceeds	-825	-821	-2,587	-2,722	-1,848	-8,803	0
	Payments	1,671	1,785	6,076	7,755	3,640	20,927	-9,550
Total		**846**	**964**	**3,489**	**5,033**	**1,792**	**12,124**	**-9,550**

All non-current financial instruments held at the end of the reporting period and for which payments have been contractually arranged are included here. Budget figures for future new liabilities are not included, current liabilities with maturities of up to one year are disclosed in the notes to the individual items in the statement of financial position.

The variable interest payments from financial instruments were calculated using the last interest rate fixed before the end of the reporting period.

Interest rate risk

The interest rate risk to which BLG LOGISTICS is exposed arises primarily from non-current loans and other non-current financial liabilities. Interest rate risks are managed with a combination of fixed-interest and variable-interest loan capital. The majority of the liabilities to banks have been concluded over the long term or fixed interest rates have been agreed through to the end of the financing term, either originally as part of the loan agreements or via interest rate swaps which have been concluded within micro-hedges for individual variable-interest loans. In addition, against the backdrop of the low interest rate, which is attractive for investments, a portion of the financing requirement of the coming years was hedged by agreeing forward interest rate swaps. It is planned to take out loans from partner banks totaling EUR 90 million in tranches of up to EUR 15 million each within six years.

The first two tranches of EUR 15 million each have already been taken out. Further information is presented in the "Derivative financial instruments" section.

Interest rate risks are disclosed via sensitivity analyses in accordance with IFRS 7. These show the effects of changes in the market interest rate on interest payments, interest income and expenses, other income items and on equity. The interest rate sensitivity analyses are based on the following assumptions.

With regard to non-derivative financial instruments with fixed interest rates, market interest rate changes only affect profit or loss if these financial instruments are measured at fair value. All fixed-interest financial instruments measured at amortized cost are not subject to interest rate risks within the meaning of IFRS 7. This applies to all fixed-interest loan liabilities of BLG LOGISTICS, including lease liabilities. When hedging interest rate risks in the form of cash flow hedge-designated interest rate swaps, changes to the cash flows and to the contributions to earnings induced by changes to the market interest rate of the hedged primary financial instruments and the interest rate swaps balance each other out almost completely, effectively eliminating the interest rate risk.

Gains or losses from remeasurement of hedging instruments to fair value are credited or charged directly to the hedging reserve in equity and are therefore included in the equity-related sensitivity calculation. Changes in the market interest rate of non-derivative variable-interest financial instruments whose interest payments are not structured as hedged items as part of cash flow hedges against interest rate risks have an effect on net interest income (expense) and are therefore included in the calculation of income-related sensitivities.

The same applies to interest payments from interest rate swaps which are, as an exception, not contained in a hedge accounting relationship in accordance with IFRS 9. In the case of these interest rate swaps, market interest rate changes also have an effect on the fair value and thus affect the remeasurement of financial assets or financial liabilities to fair value and are therefore included in the income-related sensitivity analysis.

If the market interest rate at the end of each reporting period had been 100 basis points higher (lower), it would have had the effects shown in the following table on earnings before taxes and equity (before deferred taxes):

EUR thousand	12/31/2020	12/31/2019
Changes in earnings		
Higher	-971	-1,168
Lower	971	1,168
Changes in equity (excluding changes in earnings)		
Higher	8,140	8,130
Lower	-8,803	-8,943

Fixed interest financial instruments

Fixed interest rates have been agreed for the following loans and other financial instruments. BLG LOGISTICS is thus exposed to interest rate risk for the fair value.

12/31/2020 EUR thousand	Residual maturities Up to 1 year	 1 to 5 years	 More than 5 years	 Total
Non-current loans from banks	10,201	40,828	12,500	63,529
Interest rate swaps	12,000	3,000	30,000	45,000
Lease liabilities	70,774	128,518	337,128	536,420
Total	**92,975**	**172,346**	**379,628**	**644,949**

12/31/2019 EUR thousand	Residual maturities Up to 1 year	 1 to 5 years	 More than 5 years	 Total
Non-current loans from banks	9,587	36,526	4,184	50,297
Interest rate swaps	2,000	15,000	15,000	32,000
Lease liabilities	68,084	139,853	348,554	556,491
Total	**79,671**	**191,379**	**367,738**	**638,788**

Lease liabilities are discounted using the interest rate implicit in the lease, if that rate can be determined. Alternatively, they are discounted at the incremental borrowing rate. The discount rate corresponds to the interest rate determined at the commencement date of the lease, unless a reassessment requires a remeasurement of the lease liabilities using a changed discount rate. This is the case if changes in the estimate regarding exercise or non-exercise of purchase, extension or termination options arise or changes to the scope, amount of contractual payments or the term of the lease are agreed.

Floating rate financial instruments

Floating interest rates have been agreed for the following financial instruments. The Group is thus exposed to interest rate risk for the cash flows. The corresponding interest rate swaps are shown with a negative sign, as the interest rate risk offsets the interest rate risk from the loans taken out.

There is also an interest rate swap for a nominal amount of EUR 10,000,000 for a call money line and various interest rate swaps for future loans, which are presented in the "Derivative financial instruments" section.

The Group's other financial instruments, which are not included in the tables, are not subject to significant interest rate risk.

12/31/2020 **EUR thousand**	Residual maturities			
	Up to 1 year	1 to 5 years	More than 5 years	**Total**
Non-current loans from banks	10,848	54,559	38,500	103,907
Interest rate swaps	-2,000	-3,000	-30,000	-35,000
Total	**8,848**	**51,559**	**8,500**	**68,907**

12/31/2019 **EUR thousand**	Residual maturities			
	Up to 1 year	1 to 5 years	More than 5 years	Total
Non-current loans from banks	9,007	29,979	15,428	54,414
Interest rate swaps	-2,000	-5,000	-15,000	-22,000
Total	**7,007**	**24,979**	**428**	**32,414**

Derivative financial instruments

A prerequisite for the use of derivatives is the existence of a risk to be hedged. However, open derivative positions may arise in connection with hedging transactions in which the underlying transaction no longer exists or does not arise as planned. Interest rate derivatives are used exclusively to optimize loan conditions and to limit interest rate risks from variable interest payments in the context of financing strategies with matching maturities (cash flow hedges). Derivatives to hedge foreign currency risks are used exclusively to limit foreign currency risk in connection with financing in foreign currencies (cash flow hedges). Derivatives are not used for trading or speculative purposes.

The Group has set a hedging ratio of 1:1 for all hedging relationships. Premiums for country or credit risks (credit spread or foreign currency basis spread) are not part of the hedging relationships. Hedging costs are initially recognized in the hedge reserve in equity and reclassified to the income statement over the term of the hedging relationship.

The existence of the economic relationship between the hedged items and the hedging instruments for assessing the hedge effectiveness is determined prospectively on the basis of significant features such as nominal amount, benchmark rate and maturity. Ineffectiveness is measured at the end of each reporting period according to the hypothetical derivative method. Ineffectiveness can result in particular from differences between the repricing time periods of the swaps and the loans.

Derivative financial instruments are recognized in the statement of financial position from the date the contract is concluded. They are measured at fair value upon acquisition. Subsequent measurement is also at the fair value prevailing at the end of the reporting period. To determine the fair value of a swap, the expected cash flows are discounted on both sides of the swap based on the current yield curve. The difference between the two amounts is the net fair value of the swap. This market valuation of financial derivatives is the price at which one party would assume the existing contractual rights and obligations of the other party. The fair values are determined based on market conditions existing at the end of the reporting period.

If derivative financial instruments are used as hedging instruments and the requirements for hedge accounting in accordance with IFRS 9 are met, their accounting treatment depends on the type of hedging relationship and the hedged item. Derivative financial instruments that do not qualify for hedge accounting are classified as measured at fair value through profit or loss in accordance with IFRS 9.

The hedging relationship between the hedged item and the hedging instrument and the objective and strategy of risk management are documented at hedge inception in order to meet the conditions for hedge accounting. This also includes a description of how the effectiveness of the hedging relationship is determined. Effectiveness tests are performed at hedge inception and at the end of each reporting period as part of the ongoing review of whether the derivatives used offset the hedged risks from the underlying transaction.

The changes in the fair value of the effective portion of cash flow hedges are recognized directly in equity. The changes in the fair values of the ineffective portions of cash flow hedges and interest rate swaps that are not designated as hedging instruments in hedging relationships are recognized through profit or loss in the income statement.

Like other financial assets, derivatives are derecognized when the BLG Group loses control over the underlying rights wholly or in part by selling or discharging them or transferring them to a third party in a manner that qualifies for derecognition. The amounts recognized in equity are reclassified to profit or loss in the income statement in the period in which the hedged transaction is settled.

The following hedging instruments were in place at the ends of the reporting periods to reduce the interest rate risk from existing bank liabilities and the foreign currency risk from a variable USD loan granted in the context of Group financing:

12/31/2020 Nominal amounts EUR thousand	**Maturities** Up to 1 year	1 to 5 years	More than 5 years	**Total**
Interest rate risk				
Interest rate swaps				
For outstanding loans	2,000	3,000	30,000	35,000
Average hedged interest rate	1.169%	1.135%	1.134%	
For call money lines	10,000	0	0	10,000
Hedged interest rate	3.085%			
	12,000	**3,000**	**30,000**	**45,000**
Foreign currency risk				
Interest rate and currency swaps				
For internal USD loan	810	2,834	0	3,644
Hedged USD/EUR rate	0.8098	0.8098	0.8098	
	810	**2,834**	**0**	**3,644**
Total	**12,810**	**5,834**	**30,000**	**48,644**

12/31/2019 Nominal amounts EUR thousand	Maturities Up to 1 year	1 to 5 years	More than 5 years	Total
Interest rate risk				
Interest rate swaps				
For outstanding loans	2,000	5,000	15,000	22,000
Average hedged interest rate	1.169%	1.096%	1.045%	
For call money lines	0	10,000	0	10,000
Hedged interest rate	3.085%	3.085%		
	2,000	**15,000**	**15,000**	**32,000**
Foreign currency risk				
Interest rate and currency swaps				
For internal USD loan	810	3,239	405	4,454
Hedged USD/EUR rate	0.8098	0.8098	0.8098	
	810	**3,239**	**405**	**4,454**
Total	**2,810**	**18,239**	**15,405**	**36,454**

The interest rate swaps involve the exchange of floating interest payments for fixed-rate payments. The Group is payer of the fixed amounts and recipient of the floating amounts.

The nominal amounts represent the gross volume of all purchases and sales. This figure serves as a benchmark for determining mutually agreed payments, but is not a receivable or liability that is eligible for recognition in the statement of financial position.

For the financing requirement of the coming years, forward interest rate swaps with a total volume of EUR 90 million, in tranches of EUR 15 million each, have been concluded to hedge the interest rate risk from loans to be taken out in the future. The first two tranches were taken out in the reporting year and the 2019 financial year. As the terms of the other swaps commence in the years from 2021 to 2024, they are not included in the presentation of maturities at the ends of the reporting periods. Each forward interest rate swap has a term of ten years and is payable at maturity. The average hedged interest rate is 1.863 percent.

The hedging instruments in place as of the ends of the reporting periods had the following effects on the consolidated statement of financial position:

12/31/2020 EUR thousand	**Nominal amount**	**Carrying amount**	**Item in the statement of financial position**	**Change in fair value Basis for recognizing ineffectiveness**
Interest rate risk				
Outstanding loans	35,000	-4,162	Current financial liabilities	-1,178
Call money lines	10,000	-182	Current financial liabilities	335
Planned loans	60,000	-8,996	Current financial liabilities	-3,315
	105,000	**-13,340**		**-4,158**
Foreign currency risk				
Internal USD loan	3,644	-46	Current financial liabilities	-18
	3,644	**-46**		**-18**
Total	**108,644**	**-13,386**		**-4,176**

12/31/2019 EUR thousand	Nominal amount	Carrying amount	Item in the statement of financial position	Change in fair value Basis for recognizing ineffectiveness
Interest rate risk				
Outstanding loans	22,000	-1,484	Current financial liabilities	-938
Call money lines	10,000	-518	Current financial liabilities	329
Planned loans	75,000	-7,071	Current financial liabilities	-6,171
	107,000	**-9,073**		**-6,780**
Foreign currency risk				
Internal USD loan	4,454	-477	Current financial liabilities	-431
	4,454	**-477**		**-431**
Total	**111,454**	**-9,550**		**-7,211**

The carrying amounts of hedging instruments correspond to the calculated fair values. At the end of the reporting period, as in the previous year, all existing hedging instruments fulfilled the criteria for cash flow hedges.

The nominal amount of the interest rate and currency swaps in foreign currency as of December 31, 2020 was USD 4,500,000 (previous year: USD 5,500,000).

The hedged items designated in hedging relationships had the following effects on the consolidated statement of financial position as of the end of the reporting periods:

12/31/2020 EUR thousand	**Change in fair value Basis for recognizing ineffectiveness**	**Hedge reserve Cash flow hedges (gross)**
Interest rate risk		
Outstanding loans	1,272	-4,035
Call money lines	-335	-152
Planned loans	3,690	-8,996
	4,627	**-13,183**
Foreign currency risk		
Internal USD loan	18	0
	18	**0**
Total	**4,645**	**-13,183**

12/31/2019 EUR thousand	Change in fair value Basis for recognizing ineffectiveness	Hedge reserve Cash flow hedges (gross)
Interest rate risk		
Outstanding loans	964	-1,468
Call money lines	-328	-487
Planned loans	6,442	-7,070
	7,078	**-9,025**
Foreign currency risk		
Internal USD loan	433	0
	433	**0**
Total	**7,511**	**-9,025**

The following amounts were recognized in connection with hedging relationships:

	Change in fair value		**Reclassification from other comprehensive income to the income statement**	**Income statement items**
2020 EUR thousand	Recognized in other comprehensive income (effective portion)	Recognized in the income statement (ineffective portion)		
Interest rate risk				
Outstanding loans	-1,178	0	0	
Call money lines	335	0	0	
Planned loans	-3,315	0	0	
	-4,158	**0**	**0**	
Foreign currency risk				
Internal USD loan	-18	0	37	Other operating expenses
	-18	**0**	**37**	
Total	**-4,176**	**0**	**37**	

	Change in fair value		**Reclassification from other comprehensive income to the income statement**	**Income statement items**
2019 EUR thousand	Recognized in other comprehensive income (effective portion)	Recognized in the income statement (ineffective portion)		
Interest rate risk				
Outstanding loans	-938	0	0	
Call money lines	329	0	0	
Planned loans	-6,171	0	0	
	-6,780	**0**	**0**	
Foreign currency risk				
Internal USD loan	-431	0	450	Other operating expenses
	-431	**0**	**450**	
Total	**-7,211**	**0**	**450**	

The composition of the hedge reserve presented in note 20, including deferred taxes, breaks down by risk category and other components resulting from hedge accounting as shown in the following table:

Since the reference amounts are reduced by the repayment of the underlying loans in parallel with the loan proceeds, no gains or losses are recognized as long as the financial instruments are not sold. No sale is planned.

Financial year 2020 **EUR thousand**	Cash flow hedge reserve Interest rate swaps/interest rate and currency swaps	Hedging costs	**Total**
Cash flow hedges			
As of January 1	-8,906	-6	-8,912
Changes in fair value			
Interest rate risk – outstanding loans	-1,178	0	-1,178
Interest rate risk – call money lines	335	0	335
Interest rate risk – planned loans	-3,315	0	-3,315
Foreign currency risk – internal USD loan	-18	-19	-37
Reclassifications to the income statement			
Foreign currency risk	37	0	37
Deferred taxes	0	0	0
Change in share of companies accounted for using the equity method	119	0	119
As of December 31	**-12,926**	**-25**	**-12,951**

Financial year 2019 **EUR thousand**	Cash flow hedge reserve Interest rate swaps/interest rate and currency swaps	Hedging costs	Total
Cash flow hedges			
As of January 1	-2,238	13	-2,225
Changes in fair value			
Interest rate risk – outstanding loans	-938	0	-938
Interest rate risk – call money lines	329	0	329
Interest rate risk – planned loans	-6,171	0	-6,171
Foreign currency risk – internal USD loan	-431	-19	-450
Reclassifications to the income statement			
Foreign currency risk	450	0	450
Deferred taxes	0	0	0
Change in share of companies accounted for using the equity method	93	0	93
As of December 31	**-8,906**	**-6**	**-8,912**

Income taxes

33. Income taxes

The tax expense consists of corporation and trade tax of domestic companies and comparable income taxes for foreign companies.

The taxation applies regardless of whether the income is reinvested or distributed. The implementation of the proposed distribution of net retained profits has no effect on the tax expense of the Group.

In accordance with IAS 12, deferred taxes are determined using the liability method. Under this method, deferred taxes are recognized for all accounting and measurement differences between the IFRS carrying amounts and the tax base if they balance each other out over time (temporary differences). If asset items under IFRSs have a higher value than in the tax base and these are temporary differences, a liability item is recognized for deferred taxes.

Deferred tax assets from accounting differences and benefits from the future utilization of tax loss carryforwards are capitalized if it is probable that future taxable earnings will be generated.

The tax rates valid at the time of realization of the asset or the settlement of the liability are used to calculate deferred tax assets and liabilities. These are measured using the tax rates of the individual Group companies. For domestic partnerships these comprise only trade tax and vary between 13.3 percent and 16.1 percent because of different assessment rates.

For domestic corporations a tax rate of 31.9 percent (previous year: 31.9 percent) was applied, comprising the corporation tax rate plus the solidarity surcharge and the trade tax rate for the main consolidated companies. The income tax rates for foreign Group companies ranged between 15.0 percent and 28.0 percent (previous year: between 15.0 percent and 28.0 percent).

Key components of income tax expense break down as follows:

EUR thousand	2020	2019
Current taxes		
Tax expense for the period	4,358	7,370
Tax expense for prior periods[1]	98	-4,868
Income from tax reimbursements	-3	-180
Total current taxes	**4,453**	**2,322**
of which		
Tax expense domestic	4,364	1,593
Tax income domestic	-3	-180
Tax expense foreign	92	909
	4,453	**2,322**
Deferred taxes		
Deferred taxes on temporary differences	-491	668
Deferred taxes on loss carryforwards	85	1,966
Total deferred taxes	**-406**	**2,634**
of which		
Deferred taxes domestic	-508	2,456
Deferred taxes foreign	102	178
	-406	**2,634**
Total	**4,047**	**4,956**

[1] In the 2019 financial year, "Tax expense for prior periods" included income from the reversal of a tax provision of EUR 4,968,000.

Deferred taxes result from temporary differences between the tax bases of the companies and the carrying amounts in the consolidated statement of financial position using the liability method, as well as from the loss allowances for deferred taxes on temporary differences and loss carryforwards capitalized in previous years, from the reversal of loss allowances for temporary differences and loss carryforwards, from the use of loss carryforwards on which deferred taxes have been capitalized, from the elimination of loss carryforwards and from the initial recognition of deferred taxes on loss carryforwards.

Deferred income taxes

The deferred tax items reported as of the ends of the various reporting periods and the movements of deferred taxes within the reporting year relate to the items presented in the table.

EUR 11,251,000 (previous year: EUR 10,019,000) of the deferred taxes was classified as current and EUR -9,060,000 (previous year: EUR -8,122,000) as non-current. Of the changes in equity, EUR -5,000 was eliminated against other reserves and EUR -107,000 recognized in retained earnings.

EUR thousand	**12/31/2019**	Recognized in the income statement	Recognized in equity	**12/31/2020**
Deferred tax assets				
Recognition and measurement of goodwill and other intangible assets	1,076	-182	-35	859
Measurement of property, plant and equipment	4,696	-732	0	3,964
Recognition and measurement of other assets	59,563	4,875	89	64,527
Recognition of lease liabilities	79,036	-5,253	0	73,783
Measurement of personnel-related provisions	4,737	60	90	4,887
Recognition and measurement of miscellaneous other provisions	1,925	83	0	2,008
Recognition of derivative financial instruments	1,537	-51	669	2,155
Recognition and measurement of other equity and liabilities	2,754	-263	-88	2,403
Write-down of deferred taxes arising from temporary differences	-13,112	-2,452	-485	-16,049
Consideration of tax loss carryforwards	216	-85	0	131
Gross deferred taxes	**142,428**	**-4,000**	**240**	**138,668**
Offset	-139,955			-135,900
Recognized deferred taxes	**2,473**			**2,768**

EUR thousand	12/31/2019	Recognized in the income statement	Recognized in equity	12/31/2020
Deferred tax liabilities				
Recognition and measurement of intangible assets	-754	243	19	-492
Measurement of property, plant and equipment	-63,558	9,372	3	-54,183
Capitalization of leases	-31,425	-238	0	-31,663
Recognition and measurement of other assets	-7,262	205	0	-7,057
Measurement of personnel-related provisions	-2,863	193	-367	-3,037
Recognition and measurement of miscellaneous other provisions	-760	642	0	-118
Recognition and measurement of other equity and liabilities	-33,909	-6,011	-7	-39,927
Gross deferred taxes	**-140,531**	**4,406**	**-352**	**-136,477**
Offset	139,955			135,900
Recognized deferred taxes	**-576**			**-577**

The following deferred tax assets were not capitalized:

EUR thousand	2020	2019
Deductible temporary differences	16,049	13,112
Loss carryforwards	44,759	41,792
Total	**60,808**	**54,904**

The assessment of the recoverability of deferred tax assets depends on the estimation of the probability of the reversal of the measurement differences and the utilization of the loss carryforwards which resulted in deferred tax assets. This is dependent upon the generation of future taxable profits during the periods in which those tax measurement differences are reversed and tax loss carryforwards can be utilized. The basis of the measurement is the three-year medium-term planning of the individual Group companies.

For subsidiaries that have suffered losses during the reporting year or the previous year, deferred tax assets of EUR 1,339,000 (previous year: EUR 1,795,000) were reported due to the improved earnings outlook.

As of December 31, 2020, the Group had tax loss carryforwards of EUR 275,400,000 (previous year: EUR 256,410,000). As of December 31, 2020, no deferred tax assets were capitalized for tax loss carryforwards of EUR 274,853,000 (previous year: EUR 255,550,000) of various subsidiaries. No deferred tax assets were recognized for these losses since these losses may not be used to offset taxable income elsewhere in the Group and they arose in subsidiaries that have generated tax losses for some time or will not generate sufficient taxable profits in the foreseeable future.

The deductible differences for which no deferred taxes were capitalized as of December 31, 2020 and December 31, 2019 relate to subsidiaries whose expected taxable income situation is not expected to allow the use of deferred tax assets.

Reconciliation of the effective tax rate and the effective income tax expense:

EUR thousand		**2020**		2019
Net profit for the year before income taxes under IFRSs	0	-116,127	0	37,544
Group tax rate in percent	16.10%		16.45%	
Expected income tax expense in the financial year		**-18,696**		**6,176**
Reconciliation items				
Effects of changes in tax rates		593		-85
Tax-free income/trade tax cuts		-1,380		-6,743
Non-deductible operating expenses/trade tax additions/ effects of the interest barrier		10,980		1,808
Use of other tax operating expenses		-724		-1,689
Current tax expense/income from prior periods		94		-4,227
Deferred tax expense/income from prior periods		403		-96
Effects of differing tax rates		352		3,962
Use of loss carryforwards not previously recognized		-82		-12
Non-recognition of deferred tax assets on current losses		4,811		3,776
Recognition adjustments for deferred tax assets on temporary differences		2,452		1,133
Other effects		5,244		953
Total of the reconciliation items	**-19.6%**	**22,743**	**-3.2%**	**-1,220**
Consolidated income tax expense	**-3.5%**	**4,047**	**13.2%**	**4,956**

34. Income taxes on income and expenses recognized directly in equity

EUR thousand	2020 Gross value	2020 Tax expense/ income	2020 Net value	2019 Gross value	2019 Tax expense/ income	2019 Net value
Items that are not subsequently reclassified to profit or loss						
Remeasurement of net pension obligations	1,195	-4	1,191	-13,697	400	-13,297
Share of equity-accounted investments in items that are not subsequently reclassified to profit or loss	629	-107	522	-12,369	1,918	-10,451
	1,824	**-111**	**1,713**	**-26,066**	**2,318**	**-23,748**
Items that can subsequently be reclassified to profit or loss						
Currency translation	-1,273	0	-1,273	505	0	505
Change in the measurement of financial instruments	-4,157	-20	-4,177	-6,780	-17	-6,797
Share of equity-accounted investments in items that can subsequently be reclassified to profit or loss	-2,897	0	-2,897	1,778	0	1,778
	-8,327	**-20**	**-8,347**	**-4,497**	**-17**	**-4,514**
Total	**-6,503**	**-131**	**-6,634**	**-30,563**	**2,301**	**-28,262**

35. Reimbursement rights from income taxes

The tax assets related to reimbursement rights for the reporting year of EUR 292,000 (previous year: EUR 164,000) as well as reimbursement rights for previous years of EUR 930,000 (previous year: EUR 777,000).

Please refer to ▸note 33 for information on rights arising from deferred taxes.

36. Payment obligations from income taxes

EUR thousand	12/31/2020	12/31/2019
Corporation and trade tax for the reporting year	2,646	3,454
Corporation and trade tax for previous years	3,414	2,157
Total	**6,060**	**5,611**

Please refer to ▸note 33 for information on rights arising from deferred taxes.

Notes to the consolidated statement of cash flows

37. Notes to the consolidated statement of cash flows

The consolidated statement of cash flows has been prepared in accordance with IAS 7 and is divided into cash flows from current operating, investing and financing activities. Disclosure of cash flows is intended to clarify the sources and uses of cash and cash equivalents.

Cash and cash equivalents are defined as the difference between cash and current liabilities to banks. Cash consists of cash on hand, demand deposits and short-term, highly liquid financial resources that can be converted into cash at any time and are subject to only minor fluctuations in value.

The change in cash due to foreign currency translation effects is shown separately in accordance with IAS 7.28.

EUR thousand	12/31/2020	12/31/2019
Composition of cash and cash equivalents		
Cash and cash equivalents in statement of financial position	13,357	21,569
Current liabilities to banks (see note 24)	-77,298	-63,155
Total	**-63,941**	**-41,587**

The following table shows the changes in liabilities and related financial assets included in the cash flow from financing activities.

EUR thousand	12/31/2019	Cash flow	Non-cash changes				12/31/2020
			Addition IFRS 16	Interest cost	Exchange rate differences	Other	
Non-current loans	104,711	62,787	0	0	-62	0	167,436
Lease liabilities	556,491	-71,891	46,481	6,603	-439	-825	536,420
Other financial loans	23,399	26,658	0	0	0	0	50,057
Loans from long-term investees	40,867	-15,267	0	0	0	0	25,600
Liabilities from financing activities	**725,468**	**2,287**	**46,481**	**6,603**	**-501**	**-825**	**779,513**

EUR thousand	12/31/2018	Cash flow	Non-cash changes				12/31/2019
			Addition IFRS 16	Interest cost	Exchange rate differences	Other	
Non-current loans	109,567	-5,066	0	0	210	0	104,711
Lease liabilities	1,084	-71,479	624,405	2,489	-8	0	556,491
Other financial loans	0	20,915	0	0	0	0	23,399
Loans from long-term investees	25,600	15,190	0	0	0	77	40,867
Liabilities from financing activities	**136,251**	**-40,440**	**624,405**	**2,489**	**202**	**77**	**725,468**

Group structure and consolidation principles

38. Group of consolidated companies

In addition to BLG AG and BLG KG, the consolidated financial statements include the companies listed below:

Number	12/31/2020	12/31/2019
Fully consolidated		
Domestic	15	16
Foreign	6	8
Accounted for using the equity method		
Domestic	40	39
Foreign	19	19

Three companies are included in the consolidated financial statements using the equity method due to immateriality, despite voting majorities, as they are of only minor importance for presenting a true and fair view of the net assets, financial position and results of operations of BLG LOGISTICS. Materiality is determined on the basis of total assets. The cumulative total assets of the three companies accounted for using the equity method amounted to EUR 784,000 (previous year: EUR 717,000) in 2020.

A total of 12 companies in which a majority of shares and voting rights are held are not fully consolidated due to immateriality. These are general partner companies with only limited operations, one company with no operations and one company in liquidation. These companies are of only minor importance for presenting a true and fair view of the net assets, financial position and results of operations of BLG LOGISTICS and are therefore not included in the consolidated financial statements. Materiality is determined on the basis of net profit for the year. The cumulative net profit of the unconsolidated subsidiaries was EUR -426,000 (previous year: EUR 4,000).

The structure of BLG LOGISTICS with the AUTOMOBILE, CONTRACT and CONTAINER Divisions, the latter accounted for using the equity method, is shown in note 3.

A complete list of subsidiaries, joint ventures, associates and other long-term equity investments is attached to the notes to the consolidated financial statements.

The assumptions regarding control in companies in which the shareholding does not exceed 50 percent are shown below.

BLG AutoRail GmbH, Bremen (shareholding: 50 percent)
The shares in BLG AutoRail GmbH are held by BLG Automobile Logistics GmbH & Co. KG. Due to pooled voting rights under the partnership arrangement, BLG LOGISTICS exercises control over this company. The company is therefore accounted for using the full consolidation method.

BLG RailTec GmbH, Uebigau-Wahrenbrück (shareholding: 50 percent)
BLG RailTec GmbH was established as a wholly owned subsidiary of BLG AutoRail GmbH, Bremen. The indirect shareholding is 50 percent. Control of BLG AutoRail GmbH, Bremen, exists, so there is also indirect control of the wholly owned subsidiary BLG RailTec GmbH. As the operational leadership of the company was taken over due to a control and profit and loss transfer arrangement, this company is fully consolidated.

39. Consolidation principles

The date of initial consolidation is the date on which, from an economic point of view, the conditions established under IFRSs for the existence of a subsidiary, an associate or a joint venture are met for the first time. Similarly, the deconsolidation date is determined by the absence of control, joint control or material influence.

Subsidiaries
Subsidiaries are companies that are controlled by BLG LOGISTICS.

BLG LOGISTICS controls an investee if there is an exposure to risk as a result of a right to variable returns from the investment and the power over the investment can be used to affect the amount of the returns.

All major subsidiaries are consolidated in the consolidated financial statements.

Subsidiaries are generally fully consolidated in accordance with IFRS 10. Deviating from this, certain companies of BLG LOGISTICS are not consolidated for reasons of materiality (see note 38).

When a subsidiary is initially consolidated, the acquisition value of the equity investment is compared with the Group's share in the equity of the respective company that is remeasured in accordance with IFRS 3. In this process, assets and liabilities are recognized at their fair values and previously unrecognized intangible assets that may be recognized under IFRSs and contingent liabilities are recognized at fair value in assets or liabilities. In subsequent consolidations, the hidden assets and liabilities disclosed in this way are carried forward, amortized or reversed in the same way that the corresponding assets and liabilities are treated. Any excess of the acquisition cost of the equity investment over the proportionate net fair value of the identifiable assets, liabilities and contingent liabilities (positive difference) resulting from initial consolidation is recognized as goodwill and is subject to annual impairment testing (see note 12).

If any negative difference remains, the identification and measurement of assets, liabilities and contingent liabilities and the deriviation of the purchase price are reassessed. Any negative goodwill remaining after this reassessment is recognized immediately through profit or loss.

Companies accounted for using the equity method
The companies accounted for using the equity method include investments in joint ventures and associates.

Joint ventures exist when there are arrangements in which BLG LOGISTICS exercises joint control with at least one partner company, whereby the Group has rights to its net assets instead of rights to the assets and obligations from the liabilities of the arrangement. This applies in particular to the CONTAINER Division, which is accounted for using the equity method via the stake in the operational management company EUROGATE GmbH & Co. KGaA, KG, Bremen.

Associates are companies in which BLG LOGISTICS has material influence over the financial and operational policies, but does not exercise control or joint management.

The carrying amounts of the equity investments accounted for using the equity method are increased or decreased annually to recognize BLG LOGISTICS' share of the profit or loss of the investee arising from changes in the equity of the joint venture or the associate. The principles applicable to full consolidation are applied mutatis mutandis to the allocation and adjustment of the carrying amount of the investee to reflect the excess of the purchase price of the investment over the pro rata share of the company's equity.

Non-controlling interests
Non-controlling interests include minority interests in the equity of fully consolidated subsidiaries.

Non-controlling interests in acquired companies are recognized based on the proportionate share of the net assets of the acquired company.

Transactions with non-controlling interests are treated as transactions with equity owners of BLG LOGISTICS. Any difference between the consideration paid and the relevant share of the carrying amount of the net assets of the subsidiary arising from the purchase is recognized in equity. Gains and losses which are realized on the disposal of non-controlling interests are also recognized in equity.

Other equity investments
Other equity investments are stated at fair value in accordance with IFRS 9. If there is no active market and the fair value cannot be determined reliably using measurement methods, cost is an appropriate approximation of fair value.

Loss of control
If BLG LOGISTICS ceases to have control or material influence over an entity, the remaining interest is remeasured to fair value and the resulting difference is recognized in profit or loss. The fair value is the fair value determined on initial recognition of an associate, joint venture or financial asset.

In addition, all amounts reported in other comprehensive income in respect of that entity are accounted for as would be required if the parent company had sold the corresponding assets and liabilities directly. This means that a profit or loss previously recognized in other comprehensive income is reclassified from equity to comprehensive income.

If the shareholding in an associate has decreased, but the entity remains an associate, only the pro rata share of net profit or loss previously recognized in other comprehensive income is reclassified to profit or loss.

Elimination of transactions as part of consolidation
The effects of intragroup transactions are eliminated:

Receivables and payables between the consolidated companies are netted against each other, intragroup profits and losses on non-current assets and inventories are eliminated. Intragroup income is offset against the corresponding expenses. Taxes are deferred for temporary differences from consolidation as required by IAS 12.

The consolidation method is unchanged from the previous year.

40. Changes in group of consolidated companies

Business combinations
Business combinations under IFRS 3 exist when an entity acquires control over one or more business operations through the acquisition of shares or other events. Business operations within the meaning of IFRS 3 are integrated sets of activities and assets that are managed with the aim of generating income or achieving cost reductions or other economic benefits for the shareholders or other owners, interests, or stakeholders. The establishment of joint ventures and the combination of entities under common control do not represent business combinations within the meaning of IFRS 3.

In a gradual business combination, the previously acquired equity share of the entity is recalculated at the fair value at the time of acquisition. The resulting profit or loss is recorded in the income statement.

There were no business combinations in the reporting year.

Other changes in group of consolidated companies

AUTOMOBILE Division

Fully consolidated companies (subsidiaries)
In the AUTOMOBILE Division, BLG Automobile Logistics Italia S.r.l. i. L., Gioia Tauro, Italy, was deconsolidated in the reporting year following entry into liquidation. The associated deconsolidation resulted in income of EUR 17,000, which is reported under other operating income in the non-operating result.

As part of an internal Group restructuring, BLG WindEnergy Logistics GmbH & Co. KG, Bremerhaven, was absorbed into BLG AutoTerminal Bremerhaven GmbH & Co. KG, Bremerhaven, and was thus no longer included in the group of consolidated companies.

CONTRACT Division

Fully consolidated companies (subsidiaries)
In the CONTRACT Division, BLG Handelslogistik GmbH & Co. KG, Bremen, increased its shareholding in BLG Sports & Fashion Logistics GmbH, Hörsel, by 49 percent to 100 percent in the reporting year. This does not constitute the acquisition of non-controlling interests, as a forward purchase of the remaining shares was already agreed at the time of acquisition of the 51 percent equity interest in 2015.

Under a purchase agreement dated November 24, 2020, BLG Industrielogistik GmbH & Co. KG, Bremen, sold its shares in BLG Automotive Logistics of South America Ltda., São Paulo, Brazil. The associated deconsolidation resulted in expenses of EUR 5,000, which are reported under other operating expenses in the non-operating result.

Companies accounted for using the equity method

Joint ventures

As part of the sale of BLG Automotive Logistics of South America Ltda., São Paulo, Brazil, the shares in BMS Logistica Ltda., São Paulo, Brazil, were also divested. No income was generated from the deconsolidation.

41. Non-consolidated structured companies

BLG Unterstützungskasse GmbH, Bremen (shareholding: 100 percent)

BLG KG owns 100 percent of the shares in BLG Unterstützungskasse GmbH, Bremen. The purpose of the company is to provide ongoing support to former employees and former Board of Management members of BLG and their survivors. The necessary funds are provided to the company by the Free Hanseatic City of Bremen (municipality), as it has accepted the obligations arising from the pension entitlements. An exposure to risk as a result of or a claim to variable returns from the investment and the opportunity to influence the operations of BLG Unterstützungskasse GmbH, Bremen, are therefore contractually precluded. Accordingly, control does not exist, despite the ownership of 100 percent of the voting shares, with the result that the company is not consolidated.

The carrying amount of the shares is EUR 30,000 (previous year: EUR 30,000) and corresponds to the fair value. They are reported in other financial assets under other financial investments. The maximum exposure to loss is the carrying amount of the investment.

42. Currency translation

In accordance with IAS 21, the financial statements of consolidated companies prepared in foreign currencies are translated into euros in keeping with the concept of functional currencies. The functional currency of all foreign companies of the BLG Group is the local currency, as the companies conduct their business independently in financial, economic and organizational terms. Accordingly, the assets and liabilities are translated at the exchange rate on the reporting date, while expenses and income are in principle translated at the average annual exchange rate. The resulting currency translation differences are recognized directly in equity.

As of December 31, 2020, currency translation differences of EUR 10,895,000 (previous year: EUR 6,596,000) were recognized in equity (see also the Statement of changes in equity). Currency translation is based on the exchange rates shown in the table:

In the separate financial statements of the consolidated companies presented in local currency, receivables and payables are translated at the end of the reporting period in accordance with IAS 21. Currency translation differences are recognized through profit or loss as other operating income or expenses. Non-monetary assets that are measured on the basis of cost are measured at the exchange rate on the day of the transaction.

EUR	Reporting date 12/31/2020	2020 average	Reporting date 12/31/2019	2019 average
1 US dollar	0.8149	0.8755	0.8902	0.8933
1 Brazilian real	0.1569	0.1697	0.2214	0.2266
1 British pound	1.1123	1.1240	1.1754	1.1393
1 Chinese yuan renminbi	0.1246	0.1270	0.1279	0.1293
1 Indian rupee	0.0112	0.0118	0.0125	0.0127
1 Malaysian ringgit	0.2027	0.2085	0.2176	0.2156
1 Polish zloty	0.2193	0.2251	0.2349	0.2327
1 Russian ruble	0.0109	0.0121	0.0143	0.0138
1 South African rand	0.0555	0.0533	0.0634	0.0618
1 Ukrainian hryvnia	0.0288	0.0325	0.0377	0.0346

43. Related party disclosures

Identification of related parties

In accordance with IAS 24, relationships with related parties that control BLG LOGISTICS or are controlled by it or on which BLG LOGISTICS can exercise significant influence must be disclosed.

Related parties include in particular majority shareholders, subsidiaries, provided that they are not already included as consolidated companies in the consolidated financial statements, joint ventures, associates or intermediary companies.

In addition, the Board of Management and the Supervisory Board of BLG AG and the first tier of management are also related parties as defined in IAS 24; this also includes family members of the aforementioned groups. A list of the composition of the Board of Management and the Supervisory Board as well as further information about these groups is provided in note 45. There were no reportable transactions between members of the Board of Management, the Supervisory Board, the first tier of management and their family members and BLG LOGISTICS during the 2020 financial year.

Material transactions with shareholders: Relationships with the Free Hanseatic City of Bremen (municipality)

As of December 31, 2020, the Free Hanseatic City of Bremen (municipality) was the majority shareholder of BLG AG with a 50.42 percent (previous year: 50.42 percent) share of the subscribed capital. The Free Hanseatic City of Bremen (municipality) received a dividend as a result of the resolution on the appropriation of net retained profits for 2019.

In accordance with Article 148 of the Constitution of the Free Hanseatic City of Bremen, the Bremen Senate is both the state government and statutory body of the municipality of Bremen. Due to the fact that the statutory bodies of the Free Hanseatic City of Bremen (municipality) and the Free Hanseatic City of Bremen (state) are identical, this body is consequently considered a related party or ultimate controlling party within the meaning of IAS 24. The Free Hanseatic City of Bremen (municipality) has provided BLG KG with heritable building rights with a remaining term of up to 28 years for the land used by the company and its subsidiaries. As of December 31, 2020, lease liabilities for heritable building rights existed in the amount of EUR 303.0 million (previous year: EUR 298.2 million) toward the Free Hanseatic City of Bremen (municipality). The BLG Group paid a total of EUR 3.8 million (previous year: EUR 14.9 million) for ground rent in 2020. In addition, ground rent of EUR 11.1 million (previous year: 0.0 million) was deferred in the reporting year. The ground rent is subject to regular increases on the basis of the consumer price index every five years. The increase planned for the reporting period was deferred to support Bremen's port and logistics industry in connection with the coronavirus crisis in 2020. BLG LOGISTICS additionally has the possibility to participate in the cash pooling facility of the Free Hanseatic City of Bremen in an amount of up to EUR 50 million, as well as to take out a non-current loan of EUR 50 million via a state guarantee through Bremer Aufbau-Bank together with a partner bank.

Transactions with affiliated companies of the Free Hanseatic City of Bremen (municipality) and (state)

Individual companies of BLG LOGISTICS maintain ongoing business relationships with affiliated companies of the Free Hanseatic City of Bremen (municipality).

BLG KG took out several loans from BLG Unterstützungskasse GmbH, Bremen. The loan liabilities amounted to EUR 25,600,000 as of December 31, 2020 (previous year: EUR 25,600,000). In the reporting year, no loan liabilities were repaid and no new loan liabilities were taken out. Interest of EUR 505,000 (previous year: EUR 519,000) was paid. In addition, BLG Unterstützungskasse GmbH has been included in the central cash management of BLG KG since September 1, 2012. The interest on the funds provided is based on unchanged conditions. At the end of the reporting period, receivables from cash management were EUR 7,429,000 (previous year: liabilities of EUR 1,619,000).

Relationships with non-consolidated affiliated companies, joint ventures and associates
Transactions by the Group companies with joint ventures, associates and non-consolidated affiliated companies all arose in the ordinary course of business. Services were provided to these related parties on the basis of prices and conditions also applicable to third parties. The receivables include lease receivables of EUR 183,835,000 (previous year: EUR 181,720,000). The outstanding balances, with the exception of non-current lease receivables of EUR 174,320,000 (previous year: EUR 178,071,000), are unsecured and due in the short term. The following table shows the extent of the business relationships of the joint ventures and associates:

EUR thousand	2020	2019
Affiliated companies		
Income	1	4
Expenses	12	12
Receivables	26	0
Liabilities	226	181
Joint ventures		
Income	21,572	34,111
Expenses	20,631	24,053
Receivables	192,067	196,855
Liabilities	5,148	36,074
Associates		
Income	1,971	1,947
Expenses	1,385	1,626
Receivables	142	81
Liabilities	34	283

Loss allowances of EUR 36,000 (previous year: EUR 10,000) were recognized for expected credit losses on receivables from joint ventures and associates using the simplified approach. In addition, receivables from joint ventures of EUR 0 (previous year: EUR 17,000) were derecognized in the reporting year and loans to joint ventures and associates in the amount of EUR 1,410,000 (previous year: EUR 90,000) were written down. Receivables from non-consolidated affiliated companies were, as in the previous year, neither impaired nor derecognized.

Other notes

44. Voting rights notifications

The following voting rights notifications from direct or indirect equity interests in the capital of BLG AG were reported to the Board of Management of BLG AG:

On February 7, 2019, the Free Hanseatic City of Bremen (municipality) notified us pursuant to Section 33 (1) of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) that its share of voting rights in BLG AG amounted to 50.42 percent (corresponding to 1,936,000 voting rights) as of January 31, 2019.

On February 7, 2019, Mr Peter Hoffmeyer notified us pursuant to Section 33 (1) WpHG that the voting rights share of Panta Re AG, Bremen, in BLG AG exceeded the threshold of 10 percent on January 31, 2019, and at that time amounted to 12.61 percent (corresponding to 484,032 voting rights). All voting rights are attributable to Peter Hoffmeyer pursuant to Section 34 (1) sentence 1 no. 1 WpHG.

On November 18, 2016, the Waldemar Koch Foundation, Bremen, notified us pursuant to Section 21 (1) WpHG (old version) that its share of voting rights in BLG AG exceeded the threshold of 5 percent on November 15, 2016, and at that time amounted to 5.23 percent (corresponding to 200,814 voting rights).

On April 8, 2002, Finanzholding der Sparkasse in Bremen, Bremen, notified us pursuant to Section 41 (2) sentence 1 WpHG (old version) that its share of voting rights in BLG AG amounted to 12.61 percent (corresponding to 484,032 voting rights) on April 1, 2002.

Further details are published on our website at: *www.blg-logistics.com/de/investor-relations/aktie*

45. Information on the Supervisory Board and the Board of Management

Composition of the Supervisory Board
In accordance with the Articles of Incorporation, the Supervisory Board of BLG AG comprises 16 members, namely eight Supervisory Board members elected in accordance with the provisions of the AktG and eight Supervisory Board members representing the employees, who are elected in accordance with the provisions of the German Co-Determination Act.

The composition of the Supervisory Board and the memberships of the Supervisory Board members in other bodies in accordance with Section 125 (1) sentence 5 AktG are presented in the Annex to the notes.

Composition of the Board of Management
The composition of the Board of Management and the memberships of the Board of Management members in other bodies in accordance with Section 125 (1) sentence 5 AktG are presented in the Annex to the notes.

Transactions with the Board of Management and the Supervisory Board
Transactions with the Board of Management and Supervisory Board were limited to services rendered in connection with the Board positions and employment contracts and the remuneration paid for these services.

The members of the Supervisory Board received remuneration of EUR 270,000 in the 2020 financial year (previous year: EUR 271,000), of which EUR 165,000 (previous year: EUR 163,000) was attributable to fixed components. The meeting allowances came to EUR 52,000 (previous year: EUR 59,000), the remuneration for committee work to EUR 14,000 (previous year: EUR 14,000) and the remuneration for in-Group Supervisory Board seats to EUR 39,000 (previous year: EUR 35,000).

The members of the Supervisory Board representing the employees received EUR 31,000 (previous year: EUR 25,000) in contributions to statutory retirement plans in the reporting year.

As of December 31, 2020, as in the previous year, members of the Supervisory Board had not been granted any loans or advance payments. As in the previous year, no contingent liabilities were contracted for the benefit of the members of the Supervisory Board. Travel expenses were reimbursed to the customary extent.

For the 2020 financial year, the active members of the Board of Management received total remuneration of EUR 2,575,000 (previous year: EUR 4,797,000), of which non-performance-based remuneration accounted for EUR 2,769,000 (previous year: EUR 2,846,000) and performance-based remuneration for EUR -194,000 (previous year: EUR 1,951,000). Of the performance-based remuneration, EUR -368,000 (previous year: EUR 407,000) related to the sustainability bonus and EUR 174,000 (previous year: EUR 0) to retroactive payments for prior periods. Another EUR 5,305,000 (determined in accordance with IFRSs; previous year: EUR 913,000) was granted in employee benefit expenses.

On the back of the coronavirus pandemic, the Board of Management voluntarily waived 10 percent of its fixed remuneration in the period from April 1, 2020 until December 31, 2020. The fixed remuneration received in the 2020 financial year is therefore lower than the fixed remuneration granted. The Board of Management already decided in the middle of the second quarter of 2020 to waive both the variable remuneration and the sustainability bonus due to the negative earnings trend in light of the pandemic.

The members of the Board of Management were granted pension entitlements, some of which are against companies of the BLG Group. Otherwise, the entitlements are against related parties. Pension obligations toward former Board of Management members are likewise obligations against related parties.

As of December 31, 2020, the present value of pension obligations for active members of the Board of Management amounted to EUR 6,995,000 (previous year: EUR 2,610,000). This is offset by a market value for reinsurance cover for pension commitments of EUR 1,738,000 (previous year: EUR 1,130,000) (in each case determined in accordance with IAS 19).

The pension commitments provide for a retirement and disability pension of 10 percent of the basic salary. They also provide for a survivor's pension of 60 percent of the agreed retirement pension. If a retirement pension is claimed before the age of 65, the pensions are reduced by 0.5 percentage points for each full month of early claim, but the maximum reduction is 18 percent. No waiting period is provided for.

In amendments dated January 2020, it was agreed with each individual member of the Board of Management that in the event of their leaving the company prematurely without a benefit event occurring, there would no longer be a pro rata reduction in the defined benefits if the vesting conditions were met.

Further information and remarks concerning the individual remuneration of the Board of Management and Supervisory Board members can be found in the ▸"Remuneration report".

In the 2020 financial year, the former members of the Board of Management received total remuneration (in particular pension benefits) of EUR 191,000. The present value of pension obligations pursuant to IAS 19 for former members of the Board of Management totaled EUR 5,202,000 as of December 31, 2020.

As was the case in the previous year, members of the Board of Management had not been granted any loans or advance payments as of December 31, 2020. As in the previous year, no contingent liabilities were contracted for the benefit of the members of the Board of Management.

The Supervisory Board and Board of Management remuneration systems are presented in the ▸"Remuneration report" section of the management report.

According to Article 19 of the EU Market Abuse Regulation, members of the Board of Management and the Supervisory Board are legally required to disclose their own transactions with shares of BLG AG or related financial instruments. This applies when the total value of the transactions that a Board member and related parties have carried out within one calendar year reaches or exceeds EUR 5,000.00.

This also applies to the first tier of management and the persons closely related to them.

In line with their reporting obligations, members of the Board of Management, the first tier of management and members of the Supervisory Board of the company and related parties disclosed no acquisitions or sales of shares of BLG AG in the 2020 financial year. As in the previous year, the shareholdings of all Board of Management and Supervisory Board members amount to less than 1 percent of the shares issued by the company.

46. Exercise of exemption options by subsidiaries

The following subsidiaries, which are fully consolidated in the consolidated financial statements, use the exemption options pursuant to Section 264 (3) HGB and Section 264 b HGB:

- BLG LOGISTICS GROUP AG & Co. KG, Bremen
- BLG Automobile Logistics GmbH & Co. KG, Bremen
- BLG Industrielogistik GmbH & Co. KG, Bremen
- BLG International Forwarding GmbH & Co. KG, Hamburg
- BLG AutoRail GmbH, Bremen
- BLG AutoTec GmbH & Co. KG, Bremerhaven
- BLG AutoTerminal Bremerhaven GmbH & Co. KG, Bremerhaven
- BLG AutoTerminal Cuxhaven GmbH & Co. KG, Cuxhaven
- BLG AutoTerminal Deutschland GmbH & Co. KG, Bremen
- BLG AutoTransport GmbH & Co. KG, Bremen
- BLG Cargo Logistics GmbH, Bremen
- BLG Handelslogistik GmbH & Co. KG, Bremen
- BLG Logistics Solutions GmbH & Co. KG, Bremen
- BLG RailTec GmbH, Uebigau-Wahrenbrück
- BLG Sports & Fashion Logistics GmbH, Hörsel

47. Events after the reporting period

No events of particular significance for the net assets, financial position and results of operations occurred between the end of the financial year ended December 31, 2020 and the preparation of the consolidated financial statements on March 30, 2021.

48. Fee of the Group auditor

The fee of the Group auditor pursuant to Section 314 (1) no. 9 HGB for the 2019 financial year breaks down as follows:

EUR thousand	**2020**
Audits	355
of which relating to prior periods	5
Other assurance services	10
Other services	102
Total	**467**

49. German Corporate Governance Code

The 20th declaration of compliance with the German Corporate Governance Code as amended on December 16, 2019 was issued by the Board of Management on August 31, 2020 and by the Supervisory Board of BLG AG on September 17, 2020. The declaration has been made permanently available on our website: ➚ www.blg-logistics.com/ir.

Bremen, March 30, 2021

BREMER LAGERHAUS-GESELLSCHAFT
-Aktiengesellschaft von 1877-

THE BOARD OF MANAGEMENT

04 Further Information

04 Further Information

The Supervisory Board and its Mandates

Details of membership on committees are shown in the Corporate governance statement.

Name	Town	Function/Profession	Mandates[1]
Dr. Klaus Meier	Bremen	**Chairman**	Deutsche Windtechnik AG, Bremen, Chairman of the Supervisory Board
appointed from 05/31/2012		Managing Partner of wpd windmanager GmbH & Co. KG, Bremen	wpd AG, Bremen, Chairman of the Supervisory Board
		Lawyer	
Christine Behle	Berlin	**Vice Chairwoman**	Deutsche Lufthansa AG, Cologne, Vice Chairwoman of the Supervisory Board
appointed from 05/23/2013		Vice Chairwoman of ver.di	Dortmunder Stadtwerke AG (DSW 21) (until 07/01/2020)
		Vereinte Dienstleistungsgewerkschaft, Berlin	
Sonja Berndt	Ritterhude	Vice Chairwoman of the Works Council of	No membership in other bodies
appointed from 05/24/2018		BLG LOGISTICS GROUP AG & Co. KG, Bremen	
Karl-Heinz Dammann	Geestland	Chairman of the Corporate Works Council of EUROGATE GmbH & Co. KGaA, KG, Bremen	EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen
appointed from 07/01/2009		Vice Chairman of the Works Council of EUROGATE Container Terminal	EUROGATE Container Terminal Bremerhaven GmbH, Bremerhaven
		Bremerhaven GmbH, Bremerhaven	
Heiner Dettmer	Bremen	Managing Partner of Dettmer Group KG, Bremen	No membership in other bodies
appointed from 05/24/2018			
Melf Grantz	Bremerhaven	Mayor of the City of Bremerhaven, Bremerhaven	No membership in other bodies
appointed from 03/1/2011			
Udo Klöpping	Bremen	HR Director at BLG LOGISTICS GROUP AG & Co. KG, Bremen	No membership in other bodies
appointed from 05/24/2018			
Wybcke Meier	Hamburg	CEO of TUI Cruises GmbH, Hamburg	No membership in other bodies
appointed from 05/24/2018			
Dr. Tim Nesemann	Bremen	Chairman of the Board of Management of Finanzholding der Sparkasse in Bremen	Freie Internationale Sparkasse S.A., Luxemburg, Chairman (until 08/10/2020)
appointed from 04/01/2011		Chairman of Die Sparkasse Bremen AG, Bremen	GEWOBA Aktiengesellschaft Wohnen und Bauen, Bremen
Beate Pernak	Bremen	Payroll accounting assistant at	No membership in other bodies
appointed from 07/01/2020		BLG LOGISTICS GROUP AG & Co. KG, Bremen	

Name	Town	Function/Profession	Mandates[1]
Klaus Pollok	Bremerhaven	Process Manager	No membership in other bodies
appointed from 06/02/2016		BLG AutoTerminal Bremerhaven GmbH & Co. KG, Bremerhaven	
Dr. Claudia Schilling	Bremerhaven	Senator of Science and Ports as well as	bremenports Beteiligungs-GmbH, Bremerhaven
appointed from 01/13/2020		Senator of Justice and Constitution of the Free Hanseatic City of Bremen, Bremen	bremenports GmbH & Co. KG, Bremen
			WFB Wirtschaftsförderung Bremen GmbH, Bremen
Dietmar Strehl	Bremen	Senator of Finance of the Free Hanseatic City of Bremen, Bremen	EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen
appointed from 01/13/2020			
Reiner Thau	Hamburg	Chairman of the Works Council	EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen
appointed from 10/15/2013		EUROGATE Container Terminal Hamburg GmbH, Hamburg	EUROGATE Container Terminal Hamburg GmbH, Hamburg
Vera Visser	Bremen	Trade union secretary for transport ver.di	EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen (from 09/15/2020)
appointed from 01/24/2020		Bremen/North Lower Saxony district, Bremen	
Dr. Patrick Wendisch	Bremen	Managing Partner of Lampe & Schwartze KG, Bremen	OAS Aktiengesellschaft, Bremen
appointed from 06/05/2008			
Members of the Supervisory Board who left in the 2020 reporting year:			
Dieter Strerath	Bremen	Former Chairman of the Works Council Bremen	No membership in other bodies
appointed until 06/30/2020		BLG LOGISTICS GROUP AG & Co. KG, Bremen	

[1] The information relates to memberships in legally required Supervisory Boards as well as memberships in comparable domestic and foreign control bodies of business enterprises.

The Board of Management and its Mandates

Name	Town	Function/Profession	Mandates[1]
Frank Dreeke	Ganderkesee	Chairman	EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen
born 1959		Compliance	Chairman
appointed until 12/31/2022		Management Staff	
		IT (from 12/12/2020)	
		Communication	
		Board of Management Coordination	
		Sustainability and Digitalization	
		Audit	
		Corporate Strategy	
		Transport Policy	
Jens Bieniek	Delmenhorst	Financial Services	dbh Logistics IT AG, Bremen
born 1964		Purchasing	EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen (until 12/31/2020)
appointed until 12/11/2020		International Corporate Finance/M&A	
		IT	
		Legal & Insurance	
Michael Blach	Bremen	CONTAINER Division	EUROGATE Container Terminal Bremerhaven GmbH, Bremerhaven
born 1964			Chairman
appointed until 05/31/2026			EUROGATE Container Terminal Hamburg GmbH, Hamburg
			Chairman
			EUROGATE Technical Services GmbH, Hamburg
			Chairman
Andrea Eck	Bremen	AUTOMOBILE Division	No membership in other bodies
born 1963			
appointed until 12/31/2024			

Name	Town	Function/Profession	Mandates[1]
Christine Hein	Bremen	Financial Services	EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen (from 02/17/2021)
born 1967		Purchasing	
appointed from 11/01/2020		Legal & Insurance	
appointed until 10/31/2023		International Corporate Finance/M&A	
Ulrike Riedel	Hamburg	Industrial Relations Director	No membership in other bodies
born 1972		Human Resources	
appointed from 07/01/2020		Occupational Health & Safety/Environmental Protection	
appointed until 06/30/2025			
Dieter Schumacher	Bremen	HR (Industrial Relations Director)	No membership in other bodies
born 1955			
† 02/19/2020			
Jens Wollesen	Lilienthal	CONTRACT Division	No membership in other bodies
born 1967			
appointed until 06/30/2024			

[1]The information relates to memberships in legally required Supervisory Boards as well as memberships in comparable domestic and foreign control bodies of business enterprises.

Advisory Board

A body of renowned external experts advises BLG LOGISTICS in its strategic international development.

Name	Function/Organization
Prof. Dr. Ing. Frank Straube	Chairman of the Advisory Board of BLG
	Managing Director/Head of Logistics Technical University Berlin, Berlin
Dr. Andreas Bovenschulte	Mayor and President of the Senate of the Free Hanseatic City of Bremen, Bremen
Matthias Ditzen-Blanke	Managing Director/Publisher NORDSEE-ZEITUNG GmbH, Bremerhaven
from 11/20/2020	
Christoph Döhle	Managing Partner of Peter Döhle Schiffahrts-KG, Hamburg
Dr. Ottmar Gast	Chairman of the Advisory Board of Hamburg Südamerikanische Dampfschifffahrts-Gesellschaft ApS & Co. KG, Hamburg
Rainer Christian Genes	Managing Partner of Vorwerk & Co. KG, Switzerland
Prof. Dr. Bernd Gottschalk	Managing Director of AutoValue GmbH, Frankfurt
Andreas Kellermann	Managing Director KMS – Kellermann Management Solutions GmbH, Weil der Stadt
Volker Lange	Retired senator
	Honorary President of Verband der Internationalen Kraftfahrzeughersteller e.V., Bad Homburg
Jürgen Maidl	Finances, Organizational Development, Process Management, BMW GROUP, Munich
Dr. Klaus Meier	Managing Partner of wpd windmanager GmbH & Co. KG, Bremen
	Chairman of the Supervisory Board BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-, Bremen
Prof. Dr. Karl Nowak	Former President Corporate Sector Purchasing and Logistics (CP/P), Robert Bosch GmbH, Stuttgart
Dr. Florian Schupp	Head of Automotive Purchasing and After-Market, Schaeffler Group, Herzogenaurach
Martin Weber	Managing Director, DVV Media Group GmbH, Hamburg
Prof. Dr. Yasmin Mei-Yee Weiß	Managing Director, Institute for Chinese-German Cooperation, Munich
	Business Professor at Nuremberg Technical University, Nuremberg

Assurance of the Legal Representatives

To the best of our knowledge, and in accordance with the applicable financial reporting principles, the consolidated financial statements present a true and fair view of the net assets, financial position and results of operations of the BLG Group, and the group management report presents a true and fair view of the development and performance of the business and the position of the Group and describes the principal opportunities and risks associated with the expected development of the Group.

Bremen, March 30, 2021

THE BOARD OF MANAGEMENT

Frank Dreeke
CEO & Chairman
of the Board of Management

Michael Blach
CONTAINER
Division

Andrea Eck
AUTOMOBILE
Division

Christine Hein
CFO

Ulrike Riedel
Labor Relations Director

Jens Wollesen
CONTRACT
Division

Independent Auditor's Report

To BREMER LAGERHAUS-GESELLSCHAFT –Aktiengesellschaft von 1877-, Bremen, and BLG LOGISTICS GROUP AG & Co. KG, Bremen

Audit opinions
We have audited the consolidated financial statements of BREMER LAGERHAUS-GESELLSCHAFT –Aktiengesellschaft von 1877-, Bremen, and BLG LOGISTICS GROUP AG & Co. KG, Bremen, and their subsidiaries (the Group), comprising the consolidated statement of financial position as of December 31, 2020, the consolidated statement of comprehensive income, the consolidated income statement, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year from January 1 to December 31, 2020, and the notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we audited the group management report of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877- and BLG LOGISTICS GROUP AG & Co. KG for the financial year from January 1 to December 31, 2020. We did not audit the contents of the components of the group management report listed in the "Other information" section of our auditor's report in compliance with German law.

In our opinion, based on the findings of our audit,

- the attached consolidated financial statements comply in all material respects with IFRSs, as adopted by the EU, and the additional requirements of German law pursuant to Section 315e (1) HGB and, in accordance with these requirements, give a true and fair view of the Group's net assets and financial position as of December 31, 2020, and of its results of operations for the financial year from January 1 to December 31, 2020, and

- the attached group management report as a whole presents an accurate view of the Group's position. The 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 cover the contents of the components of the group management report listed in the "Other information" section.

Pursuant to Section 322 (3) Sentence 1 HGB, we state that our audit has not led to any reservations with regard to the compliance of the consolidated financial statements or the group management report.

Basis for the audit opinions
We conducted our audit of the consolidated financial statements and the group management report in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibility according to these regulations and standards is described in further detail in the "Responsibility of the auditor for the audit of the consolidated financial statements and the group management report" section of our auditor's report. We are independent of the consolidated companies in compliance with the provisions of German commercial law and professional law and have fulfilled our other German professional obligations in compliance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions regarding the consolidated financial statements and the group management report.

Note to highlight a matter
Please refer to the legal representatives' remarks in the "Principles of Group accounting" section of the notes to the consolidated financial statements and the "Basic Group information" section of the group management report, which set out that the Group consists of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-, Bremen, and the group of BLG LOGISTICS GROUP AG & Co. KG, Bremen. The annual financial statements and management report of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877-, Bremen,

and the consolidated financial statements and group management report of BLG LOGISTICS GROUP AG & Co. KG, Bremen, as of December 31, 2020, were voluntarily combined into one set of financial statements (consolidated financial statements) and management report (group management report). In this respect, the consolidated financial statements and group management report refer to the Group as a whole and not to the individual company and individual group with its parent company and subsidiaries.

Our audit opinions on the consolidated financial statements and group management report are not modified in this regard.

Other information

The legal representatives are responsible for the other information. The other information includes the following components of the management report, the contents of which were not audited:

- the corporate governance statement according to Section 289f HGB and Section 315d HGB included in the "Management and control" section of the management report
- the separate non-financial report according to Section 289b (3) HGB and Section 315b (3) HGB
- the sustainability report

The other information also includes the other parts of the financial report – without 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 regarding the consolidated financial statements and the group management report do not extend to the other information, and accordingly we provide neither an audit opinion nor any other form of audit conclusion in this regard.

As part of our audit, we have a responsibility to read the other information and to evaluate whether it

- exhibits material discrepancies with the consolidated financial statements, the group management report or the knowledge we have obtained during our audit, or
- otherwise appears to be misstated in any material respect.

Responsibility of the legal representatives and the Supervisory Board for the consolidated financial statements and the group management report

The legal representatives are responsible for preparing the consolidated financial statements, which in all material respects comply with IFRSs, as adopted by the EU, and the additional requirements of German law pursuant to Section 315e (1) HGB, and for the consolidated financial statements giving a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. Furthermore, the legal representatives are responsible for the internal controls that they deemed necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

When preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's status as a going concern. In addition, they have a responsibility to disclose matters related to the status as a going concern, if relevant. They are also responsible for accounting on the basis of the going concern principle, unless they intend to liquidate the Group or discontinue its business operations, or there is no realistic alternative.

Furthermore, the legal representatives are responsible for preparing the group management report, which as a whole provides an accurate 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. The legal representatives are also responsible for the arrangements and measures (systems) that they considered necessary to enable the preparation of a group management report in compliance with applicable German legal requirements and to allow sufficient appropriate evidence to be provided 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.

Responsibility of the auditor for the audit of the consolidated financial statements and the group management report

Our objective is to obtain reasonable assurance as to 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 accurate view of the Group’s position and is in all material respects consistent with the consolidated financial statements and with the findings of the audit, complies with German legal requirements and appropriately presents the opportunities and risks of future development, and to issue an auditor’s report containing our audit opinions regarding the consolidated financial statements and the group management report.

Reasonable assurance is a high level of assurance but not a guarantee that an audit carried out in compliance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from transgressions or inaccuracies and are deemed material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on the consolidated financial statements and group management report.

We exercise professional judgement and maintain professional skepticism throughout the audit. In addition,

- we identify and assess the risk of material misstatements, whether due to fraud or error, in the consolidated financial statements and the group management report, plan and implement audit procedures in response to these risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk that material misstatements are not detected is higher in the case of transgressions than in the case of inaccuracies, as transgressions can entail fraudulent collaboration, falsifications, deliberate omissions, misleading depictions or the suspension of internal controls.

- we gain an understanding of the internal control system relevant for the audit of the consolidated financial statements and of the arrangements and measures relevant for the audit of the group management report in order to plan audit procedures that are appropriate given the circumstances, but not with the aim of providing an audit opinion regarding the effectiveness of these systems.

- we evaluate the appropriateness of the accounting policies used by the legal representatives and the reasonableness of the estimated values presented by the legal representatives and the associated disclosures.

- we draw conclusions about the appropriateness of the going concern principle applied by the legal representatives and, on the basis of the audit evidence obtained, whether there is material uncertainty regarding events or circumstances that could cause significant doubt about the Group’s ability to continue as a going concern. If we come to the conclusion that there is material uncertainty, we are obliged to call attention to the associated disclosures in the consolidated financial statements and in the group management report in the auditor’s report or, if these disclosures are inappropriate, to modify our respective audit opinion. We draw our conclusions based on the audit evidence obtained up to the date of our auditor’s report. However, future events or circumstances may mean that the Group is no longer a going concern.

- we evaluate the overall presentation, the structure and the content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events such that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with IFRSs, as adopted by the EU, and the additional requirements of German law pursuant to Section 315e (1) HGB.

- we obtain sufficient appropriate audit evidence for the company’s accounting information or business activities within the Group in order to provide audit opinions regarding the consolidated financial statements and the group management report. We are responsible for directing, monitoring, and implementing the audit of the consolidated financial statements. We bear sole responsibility for our audit opinions.

- we evaluate the consistency of the group management report with the consolidated financial statements, its legality, and the view it gives of the position of the Group.

- we conduct audit procedures regarding the forward-looking disclosures made by the legal representatives in the group management report. On the basis of sufficient appropriate audit evidence, we examine the significant assumptions underlying the legal representatives' forward-looking disclosures in particular and evaluate the appropriateness of the derivation of the forward-looking disclosures from these assumptions. We do not provide a separate audit opinion regarding the forward-looking disclosures or the underlying assumptions. There is a considerable, unavoidable risk that future events will differ significantly from the forward-looking disclosures.

Topics for discussion with those responsible for monitoring include the planned scope and scheduling of the audit as well as significant audit findings, including any deficiencies in the internal control system that we find during our audit.

Intended purpose

We issue this auditor's report based on the contract concluded with BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877- and BLG LOGISTICS GROUP AG & Co. KG. The audit was performed for the purposes of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877- and BLG LOGISTICS GROUP AG & Co. KG, and the auditor's report is only intended for the information of BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877- and BLG LOGISTICS GROUP AG & Co. KG regarding the result of the audit. The auditor's report is not intended to act as a basis for (asset) decisions by third parties. Our sole responsibility is to BREMER LAGERHAUS-GESELLSCHAFT -Aktiengesellschaft von 1877- and BLG LOGISTICS GROUP AG & Co. KG. In contrast, we do not accept any responsibility toward third parties.

Bremen, March 31, 2021

PricewaterhouseCoopers GmbH

Wirtschaftsprüfungsgesellschaft

Dr. Thomas Ull	ppa. Stefan Geers
German Public Auditor	German Public Auditor

Equity Investments

Condensed list of shareholdings relating to the consolidated financial statements of BLG LOGISTICS

No.	Name, registered office	Equity interest in percent	Held through no.
1	BLG LOGISTICS GROUP AG & Co. KG, Bremen	0.0	
	Companies included on the basis of full consolidation		
2	BLG Automobile Logistics GmbH & Co. KG, Bremen	100.0	1
3	BLG Cargo Logistics GmbH, Bremen	100.0	1
4	BLG Handelslogistik GmbH & Co. KG, Bremen	100.0	1
5	BLG Industrielogistik GmbH & Co. KG, Bremen	100.0	1
6	BLG International Forwarding GmbH & Co. KG, Hamburg	100.0	1
7	BLG Logistics Solutions GmbH & Co. KG, Bremen	100.0	1
8	BLG Automobile Logistics Süd-/Osteuropa GmbH, Bremen	100.0	2
9	BLG AutoRail GmbH, Bremen	50.0	2
10	BLG AutoTerminal Bremerhaven GmbH & Co. KG, Bremerhaven	100.0	2
11	BLG AutoTerminal Deutschland GmbH & Co. KG, Bremen	100.0	2
12	BLG AutoTransport GmbH & Co. KG, Bremen	100.0	2
13	BLG Logistics Solutions Italia S.r.l., Milan, Italy	100.0	4
14	BLG Sports & Fashion Logistics GmbH, Hörsel	100.0	4
15	BLG Logistics, Inc., Atlanta, USA	100.0	5
16	BLG Logistics of South Africa (Pty) Ltd, Port Elizabeth, South Africa[1]	84.1	5
17	BLG AutoTerminal Gdansk Sp. z o.o., Gdansk, Poland	100.0	8
18	BLG Logistics Automobile St. Petersburg Co. Ltd., St. Petersburg, Russia	100.0	8
19	BLG RailTec GmbH, Uebigau-Wahrenbrück	50.0	9
20	BLG AutoTec GmbH & Co. KG, Bremerhaven	100.0	10
21	BLG AutoTerminal Cuxhaven GmbH & Co. KG, Cuxhaven	100.0	10
22	BLG AUTO LOGISTICS OF SOUTH AFRICA (Pty) Ltd., Port Elizabeth, South Africa	84.1	16

No.	Name, registered office	Equity interest in percent	Held through no.
	Companies included on the basis of the equity method		
23	dbh Logistics IT AG, Bremen	27.3	1
24	EUROGATE GmbH & Co. KGaA, KG, Bremen	50.0	1
25	Kloosterboer BLG Coldstore GmbH, Bremerhaven	49.0	1
26	ZLB Zentrallager Bremen GmbH & Co. KG, Bremen	33.3	1
27	BLG-Cinko Auto Logistics (Tianjin) Co., Ltd., Tianjin, People's Republic of China	50.0	2
28	BLG Logistics (Beijing) Co., Ltd., Beijing, People's Republic of China	100.0	2
29	DCP Dettmer Container Packing GmbH & Co. KG, Bremen	50.0	3
30	Hansa Marine Logistics GmbH, Bremen	100.0	3
31	ICC Independent Cargo Control GmbH, Bremen	50.0	3
32	Schultze Stevedoring GmbH & Co. KG, Bremen	50.0	3
33	AutoLogistics International GmbH, Bremen	50.0	5
34	BLG Parekh Logistics Pvt. Ltd., Mumbai, India	50.0	5
35	BLG SWIFT LOGISTICS Sdn. Bhd., Kuala Lumpur, Malaysia[2]	60.0	5
36	Autoterminal Slask Logistic Sp. z o.o., Dabrowa Górnicza, Poland	50.0	8
37	BLG ViDi LOGISTICS TOW, Kiev, Ukraine	50.0	8
38	ATN Autoterminal Neuss GmbH & Co. KG, Neuss	50.0	11
39	BLG CarShipping Koper d.o.o., Koper, Slovenia	100.0	12
40	BLG Interrijn Auto Transport RoRo B.V., Rotterdam, Netherlands	50.0	12
41	Hizotime (Pty) Ltd, East London, South Africa	41.2	16

No.	Name, registered office	Equity interest in percent	Held through no.
	Companies not included		
42	BLG Automobile Logistics Beteiligungs-GmbH, Bremen	100.0	1
43	BLG Handelslogistik Beteiligungs GmbH, Bremen	100.0	1
44	BLG Industrielogistik Beteiligungs-GmbH, Bremen	100.0	1
45	BLG International Forwarding Beteiligungs-GmbH, Hamburg	100.0	1
46	BLG Logistics Solutions Beteiligungs-GmbH, Bremen	100.0	1
47	BLG WindEnergy Logistics Beteiligungs-GmbH, Bremerhaven	100.0	1
48	EUROGATE Beteiligungs-GmbH, Bremen	50.0	1
49	EUROGATE Geschäftsführungs-GmbH & Co. KGaA, Bremen	50.0	1
50	ZLB Zentrallager Bremen GmbH, Bremen	33.3	1
51	BLG AutoTerminal Deutschland Beteiligungs-GmbH, Bremen	100.0	2
52	BLG AutoTransport Beteiligungs-GmbH, Bremen	100.0	2
53	Schultze Stevedoring Beteiligungs-GmbH, Bremen	50.0	3
54	BLG Automobile Logistics Italia S.r.l. i. L., Gioia Tauro, Italy	99.0	8
55	BLG AutoTec Beteiligungs-GmbH, Bremerhaven	100.0	10
56	BLG AutoTerminal Cuxhaven Beteiligungs-GmbH, Cuxhaven	100.0	10
57	BLG Logistics of Alabama, LLC, Vance, USA	100.0	15
58	DCP Dettmer Container Packing GmbH, Bremen	50.0	29
59	ATN Autoterminal Neuss Verwaltungs-GmbH, Neuss	50.0	38

[1] The share of voting rights amounts to 75.04%; non-voting preference shares are additionally held.

[2] The share of voting rights amounts to 40% non-voting preference shares are additionally held.

Glossary

Commercial glossary

Amortization
Recovery of invested capital through income.

At equity/equity method
Method for recognition of equity investments that are not included in the consolidated financial statements on the basis of full consolidation with all assets, liabilities, and equity interests. The carrying amount of the investment is increased or decreased by the development of the pro rata equity of the investment. This change is recognized in the income statement of the parent company.

Cash flow
Key figure that describes the addition to cash and cash equivalents within the financial year.

Cash-generating unit
Smallest identifiable group of assets that, by virtue of continued use, generates inflows of liquidity, which, in turn, are largely independent of the cash inflows of other assets.

Compliance
Collective term for measures taken to ensure adherence to all legal obligations, provisions, and directives relevant for a company as well as to corporate governance. Another objective of compliance is to achieve harmonization between corporate actions and social values.

Corporate governance
Rights and obligations of the various parties involved in the company, in particular the shareholders, Board of Management and Supervisory Board.

Current account
Designation for an account in which all transactions of two business partners are conducted and the mutual receivables are set off (netted) against each other at regular intervals.

Current account overdraft facility
Credit limit contractually pledged to a customer by a bank up to which the customer may overdraw beyond their credit balance.

Derivative financial instruments
Financial instruments that are traditionally used to hedge existing investments or liabilities and whose value is derived from a reference investment (e.g., share or bond).

Digitalization
Digitalization, in contrast to digitization, does not simply refer to the conversion of analogue information into digital formats, but rather to the changes that result from the steadily growing possibilities of using information technology. This concerns, for example, the development of innovative business models and the use of intelligent technologies with the aim of increasing the networking of production, logistics and finance and the associated increase in efficiency and the standardization of processes. Digital change (digital transformation) is not an end in itself, but is intended to ensure the future viability of companies.

Discounted cash flow method
Measurement method: Future payment surpluses or deficits are discounted with the help of capital costs on the measurement date. Taxes due are included in the measurement. The present value determined in this way is the discounted cash flow.

EBIT
Earnings before interest and taxes = operating earnings.

EBITDA
Earnings before interest, taxes, depreciation and amortization.

EBT
Earnings before taxes.

Finance leases
Method for financing investments in intangible assets or property, plant and equipment that involves a series of payments over the entire expected useful life of the asset. The asset appears on the assets side, the lease liability on the liabilities side of the lessee’s statement of financial position.

Forward interest rate swap
A forward interest rate swap is an agreement on a swap in the future whose terms are defined immediately.

Full consolidation
Method for recognition of subsidiaries that are included in the consolidated financial statements with all assets, liabilities, and equity interests.

Functional currency
The currency in which a company carries out the majority of its business activities and reports its financial results to the parent company.

Hedging
A strategy of protecting against interest rate, currency, and price risks through derivative financial instruments (options, swaps, forward transactions, etc.).

Heritable building right
Right of the leaseholder to have a building on third-party land in return for payment of consideration (so-called ground rent).

Hypothetical derivative method
Method of measuring the effectiveness of derivative financial instruments by comparing the change in market value of the derivative to that of a hypothetical derivative that perfectly hedges the risk to be hedged against.

IAS
International Accounting Standards (see also IFRSs).

IASB
International Accounting Standards Board: Body that develops and publishes international accounting standards.

IFRIC
International Financial Reporting Interpretations Committee: Body that publishes interpretations regarding the IFRS accounting standards. After approval by the IASB the interpretations are binding for all IFRS users.

IFRSs
International Financial Reporting Standards ("IASs" until 2001): International accounting regulations that are published by an international independent body (IASB) with the aim of creating a transparent and comparable accounting system that can be applied by companies and organizations all over the world.

Impairment testing
Test to determine change in value in accordance with IFRSs.

Interest rate swap
An interest rate swap describes a contractual agreement on the exchange of interest payment flows in the same currency where the cash flows are based on a defined amount of capital.

Investment properties
Land, buildings and/or parts of buildings that are maintained to earn rental income and/or for the purpose of value enhancement.

Joint venture
Legally and organizationally independent company that is jointly established or acquired by at least two independent partners.

Liability method
Method of measurement of deferred tax assets and deferred tax liabilities. A measurement is carried out on the basis of the tax rate that is expected at the time when the future tax burden or relief arises.

Matching principle
IFRSs: Recognition of income and expenses of the same events in the same period.

Operating leases
Method of renting intangible assets or property, plant and equipment for a certain period that is shorter than the expected life of the asset. In the case of operating leases, neither the asset nor a liability appears in the lessee's statement of financial position.

Other comprehensive income
All income and expenses that are not contained in the net profit or loss for the year. It includes, for example, foreign currency gains and losses from the translation of foreign financial statements that are reported directly in equity in accordance with IAS 21.

Other long-term benefits
Additional long-term employee benefits that are reported under long-term provisions.

Post-employment benefits
Benefits after termination of employment contract.

Profit retention
Profits retained in a company for future investment rather than being distributed to shareholders as dividends.

Projected unit credit method
Special method for measuring pension and similar obligations in accordance with IFRSs.

Promissory note loan
Large long-term loan similar to a security.

Pro rata temporis
At a rate proportional to the time allotted.

Recoverable amount
Amount presumed to be achievable through use or sale of an asset.

Stage of completion method (SoC)
IFRSs: Recognition of service orders according to their progress.

Working capital
Difference between current assets and current liabilities. Used to evaluate the liquidity of the company.

Logistics glossary

Cargo-modal services
Services such as storage, customs clearance, distribution logistics and supply chain management.

Distribution
All processes carried out in the sales channel between producers and dealers all the way to the consumer.

Intermodal chain of transport
Use of different means of transportation (air, water, rail, road) for a shipment.

Order picking
Putting together the articles requested according to a customer's order or an equipment order.

Outsourcing
Assignment of logistics functions to external suppliers.

RoRo
Roll-on/Roll-off = transport of vehicles (with or without load) on vessels in which the vehicles go on board and leave the vessel on their own power.

Self-Propelled Modular Transporter (SPMT)
Special vehicles for the transport of very large and bulky cargo or of project cargo onshore.

TEU
Twenty-foot container equivalent unit. Standardized container unit with a length of 20 feet (1 foot = 30 cm).

Financial Calendar

June 2, 2021
2021 Annual General Meeting

June 7, 2021
Payment of the dividend for the 2020 financial year

September 30, 2021
Interim report January to June 2021

Enhance your experience online!

The online version contains a lot of additional information, videos and a key performance indicator calculator. Here you will find the Financial Report, Sustainability Report and the Company Magazine. Clear course: digital.

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