

2023 HALF-YEAR REPORT

NV Nederlandse Spoorwegen

Unaudited

The Half-year report 2023 is published in Dutch and English. In the event of discrepancies between the versions, the Dutch version prevails.



2023 Half-Year Report of NV Nederlandse Spoorwegen

Condensed consolidated income statement
for the first half year ending on 30 June 2023
NV Nederlandse Spoorwegen

(in millions of euros)

	Note	first half year	
		2023	2022
Revenue	1)	1,853	1,324
Additional government contributions related to COVID-19	1)	37	230
Total revenue		1,890	1,554
Operating expenses		-1,896	-1,476
Share in result of investments accounted for according to the equity method		-	-
Result from operating activities		-6	78
Net finance income		41	78
Result before income tax		35	156
Income tax	2)	2	-20
Result from continued operations		37	136
Discontinued operations			
Result from discontinued operations after tax*	3)	1	55
Result for the period		38	191
Attributable to:			
Equity holder of the company		38	188
Minority interest		-	3
Result for the period		38	191

* Of the profit from discontinued operations of € 1 million (first half of 2022: profit of € 55 million), an amount of € 1 is attributable to the company's shareholder (first half of 2022: € 52 million).



Condensed consolidated statement of comprehensive income
for the first half of 2023
NV Nederlandse Spoorwegen

(in millions of euros)

	first half year	
	2023	2022
Result for the period	38	191
Comprehensive income to be reclassified to the income statement in subsequent periods	-16	31
Comprehensive income reclassified to the income statement in current period	30	-
Comprehensive income not to be reclassified to the income statement in subsequent periods	-	-
Comprehensive income recognised directly in equity	14	31
Total recognised profit the reporting period	52	222
Attributable to:		
Equity holder of the company	52	218
Minority interest	-	4
Total recognised profit the reporting period	52	222

The above table includes the result from discontinued operations, as explained in more detail under the income statement on the previous page and in note 3.



Consolidated balance sheet
as at 30 June 2023
NV Nederlandse Spoorwegen

(in millions of euros)	Note	30 June 2023	31 December 2022
Assets			
Property, plant and equipment		3,597	3,442
Investment property		119	119
Intangible non-current assets		261	319
Right-of-use assets		432	461
Investments recognised using the equity method		12	12
Other non-current financial assets, including investments	6)	321	197
Deferred tax assets		315	316
Total non-current assets		5,057	4,866
Inventories		176	220
Trade and other receivables	7)	760	676
Other current financial assets, including investments		684	745
Cash and cash equivalents		325	396
Total current assets		1,945	2,037
Assets held for sale	3)	-	1,476
Total assets		7,002	8,379
Equity and liabilities			
Total equity	8)	2,362	2,309
Deferred credits		126	128
Loans and other financial liabilities, including derivatives	9)	1,895	1,505
Lease liabilities		351	377
Employee benefits		48	55
Provisions		189	310
Accruals		8	9
Total non-current liabilities		2,617	2,384
Loans and other financial liabilities, including derivatives	9)	299	296
Lease liabilities		87	87
Income tax payable		-	11
Trade and other payables		1,095	1,306
Deferred income		394	565
Provisions		148	74
Total current liabilities		2,023	2,339
Liabilities held for sale	3)	-	1,347
Total liabilities		4,640	6,070
Total equity and liabilities		7,002	8,379



Condensed consolidated cash flow statement
for the first half of 2023
NV Nederlandse Spoorwegen

(in millions of euros)

	first half year	
	2023	2022
Result from continued operations	37	136
Adjustments for:		
Income tax	-2	20
Depreciation and amortisation	241	304
Other movements	-267	53
Result after adjustments	9	513
Changes in working capital and other positions	-293	-669
	-284	-156
Finance expenses paid and income tax paid	-22	-11
Net cash flow from discontinued operations	37	269
Net cash flow from operating activities	-269	102
Finance revenues received	4	6
Dividend from investments recognised using the equity method	-	3
Disposal / acquisition of subsidiaries, net of cash disposed of (acquired)	-302	-
Acquisition of assets (tangible and intangible)	-290	-271
Acquisition of investment properties	-4	-
Acquisition of financial assets, including investments*	-383	-507
Disposal of financial assets, including investments*	567	873
Disposal of intangible assets, property, plant and equipment and investment properties	1	1
Net investment cash flow from discontinued operations	3	5
Net cash from investing activities	-404	110
Net cash from operating and investing activities	-673	212
Repayment of loans taken out	-62	-20
Repayment of lease liabilities	-53	-188
New borrowings	450	-1
Net financing cash flow from discontinued operations	-37	4
Net cash from financing activities	298	-205
Net decrease/increase in cash and cash equivalents	-375	7
Cash and cash equivalents as at 1 January	700	680
Effect of exchange rate fluctuations on cash held	-	-10
Cash and cash equivalents classified as held for sale	-	-276
Cash and cash equivalents as at 30 June	325	401

* This mainly concerns the acquisition and sale of money market funds during the first half of the year.



Consolidated statement of changes in equity
for the first half of 2023
NV Nederlandse Spoorwegen

Consolidated statement of changes in equity for the first half of 2023
NV Nederlandse Spoorwegen

(in millions of euros)

	Issued share capital	Other reserves	Retained profits	Undivided result	Capital and reserves attributable to shareholder	Third-party minority interest	Total equity capital
Balance as at 01 January 2023	1.012	70	647	579	2.308	1	2.309
Result for the period	-	-	-	38	38	-	38
Non-realised profit*	-	14	-	-	14	-	14
Total recognised profit the reporting period	-	14	-	38	52	-	52
Dividend paid to shareholders	-	-	-	-	-	-	-
Other movements	-	2	579	-579	2	-1	1
Balance as at 30 June 2023	1.012	86	1.226	38	2.362	-	2.362

(in millions of euros)

	Issued share capital	Other reserves	Retained profits	Undivided result	Capital and reserves attributable to shareholder	Third-party minority interest	Total equity capital
Balance as at 1 January 2022	1.012	36	308	339	1.695	-6	1.689
Result for the period	-	-	-	188	188	3	191
Non-realised profit	-	30	-	-	30	1	31
Total recognised profit the reporting period	-	30	-	188	218	4	222
Dividend paid to shareholders	-	-	-	-	-	-	-
Other movements	-	-	339	-339	-	-	-
Balance as at 30 June 2022	1.012	66	647	188	1.913	-2	1.911

* This concerns the comprehensive income including discontinued operations broken down in the condensed consolidated statement of comprehensive income and explained in note 8.



Notes to the condensed consolidated half-year report for 2023

General notes

Reporting entity

NV Nederlandse Spoorwegen has its registered office in Utrecht, the Netherlands. The company's consolidated half-year report for the first six months of 2023 comprises the company and its subsidiaries (together referred to as the 'Group') and the Group's share in associates and companies that it controls jointly with third parties. NV Nederlandse Spoorwegen is the holding company of NS Group, which in turn is the holding company of the operating companies that carry out the Group's various business operations.

Statement of compliance

This condensed consolidated half-year report was prepared in accordance with IAS Standard 34 'Interim Financial Reporting', with the exception of the reassessment as at 30 June 2023 of the valuation of MRN (Main Rail Net) -related assets and liabilities (IAS Standard 36, 'Impairment of Assets').

On account of uncertainties regarding the implementation of the new MRN franchise, in combination with uncertainties concerning passenger forecasts and the impact of inflation on the cost base relative to the projected revenue, NS has opted not to conduct another impairment test as at 30 June 2023.

The report does not contain all of the information required for the complete financial statements and should be read in conjunction with the NS Group's consolidated financial statements for 2022.

This condensed consolidated half-year report was prepared by the Executive Board and was discussed and approved by the Supervisory Board on 9 August 2023. The condensed consolidated half-year report has not been reviewed by an external auditor.

Significant accounting policies

The accounting policies applied by the Group in this condensed consolidated half-year report are the same as those applied in the consolidated financial statements for the 2022 financial year, with the exception of IAS 36, 'Impairment of Assets', as explained in the previous section. The valuation of assets that have arisen since the termination of operating activities in the United Kingdom is explained in note 6.

New or revised standards for 2023

The revised standards effective from 2023 will not have a significant impact on the Group's consolidated figures.

Estimates and assessments

In preparing the half-year report, the Executive Board made judgements and estimates that affect the application of the accounting policies and the reported amounts of assets and liabilities, income and expenditure. The actual results may differ from these estimates. Key estimates and assessments concern the valuation of MRN-related assets and liabilities, provisions relating to Abellio Germany and the fair value of assets that have come into being following the termination of operating activities in the United Kingdom, and will be explained below.



Unless stated otherwise, the principal judgements formed by the Executive Board in the application of the Group's accounting policies and the principal sources of estimation uncertainties are the same as those described in the financial statements for 2022.

Financial risk management

The Group's objectives and policy with regard to financial risk management are the same as the objectives and policy set out in the consolidated financial statements for 2022.

Acquisition and disposal of equity interests

On 28 February 2023, the group transferred its shares in Abellio Transport Group Ltd to Transport UK Group Ltd, a British entity owned by local management. As of the transfer date, Abellio Transport Group Ltd and its group companies are no longer consolidated.

Going-concern assumption

The Group prepared the 2023 half-year report on a going-concern basis, which assumes the continuity of ongoing business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Group has prepared financial forecasts for at least 12 months from the date of preparation of the half-year report, which include an estimate of the ongoing business impact of changed passenger behaviour. The group has calculated the effects of various scenarios. Each of those scenarios leaves space for disappointing revenues and/or higher than expected expenditure.

The principal assumptions and uncertainties in the liquidity forecast relate to:

- lower revenues from passengers relative to 2019 as a result of changes in passenger demand. For 2023, the Ministry of Infrastructure and Water Management has pledged to provide a one-off transition safety net of € 150 million for the entire sector. The share for NS is expected to be € 45 million. No pledges have been made for the period thereafter; an 80% advance of the public transport safety net is forecast for 2023. The Group also expects to receive the remaining part of the availability payment (approximately 20%) in 2023;
- uncertainties about cost levels due to shortages on the labour market, raw material prices and inflation;
- the student public transport pass; the assumption is that this contract will continue in its regular form and that these revenues for 2024 will be received in full in advance in the financial forecast period;
- timing of investments in new rolling stock (especially ICNG);
- estimates made for the expected outflow of funds required for the settlement of insolvency proceedings instituted in Germany.

The liquidity available to the Group as at 30 June 2023 amounts to € 1,009 million. This includes security received from Eneco based on a Credit Support Agreement under the energy contract for the Dutch Main Rail Network of € 83 million, and investments in two money market funds totalling € 684 million. In addition, the Group has access to credit facilities totalling € 950 million. Of these credit facilities, € 500 million concerns a 'revolving credit' facility (available until 20 December 2027), € 200 million concerns a credit facility that will be used before 12 May 2024 to contract a long-term loan, and € 250 million concerns a credit facility that will be used before 17 December 2024 to contract a long-term loan. The Group expects to be able to use alternative financing options should the situation so require.

Based on the above, the Group concludes that it is appropriate to prepare the 2023 half-year report on a going-concern basis and that there is no material uncertainty on this point.



Developments during the first half of 2023

Reizigersbedrijf NL

At the end of 2020, the Group performed an impairment test on assets of Reizigersbedrijf NL, which resulted in the recognition of an impairment loss of € 1,562 million. This impairment loss was attributed to all non-current assets on a straight-line basis. A reassessment of the impairment was carried out as at 31 December 2022, resulting in reversal of the impairment in the amount of € 385 million. The carrying amount as at 30 June 2023 is € 839 million. In the first half of 2023, the impairment resulted in a depreciation that was € 40 million lower compared to the situation before this impairment.

The current franchise runs until the end of 2024. New franchise conditions will apply with effect from 2025. In the first half of 2023, in detailing the requirements for the new MRN franchise, uncertainties have emerged regarding the implementation of the franchise, in combination with uncertainties concerning passenger forecasts and the impact of inflation on the cost base relative to the projected revenue. The effect of those uncertainties on the scenarios to be used and, as such, on the bandwidth for the results of a test (if applicable), is such that NS has opted not to conduct another impairment test as at 30 June 2023. NS will reassess the impairment as at 31 December 2023, following the full business plan cycle. By that time, more clarity is expected on the issues that currently remain uncertain.

Up to and including 2022, the government has pledged to provide the public transport sector with an availability payment equalling 93% of the costs (based on the indexed 2019 cost level) less the passenger revenues for the current year. The State Secretary of ministry I&W has awarded NS the full public transport availability payment for 2022, but also imposed a financial measure on the company in response to its decision to scale down the timetable. For 2023, the Ministry of Infrastructure and the Environment has pledged to make a transition safety net available for the entire public transport sector. NS is expected to be able to claim € 45 million under this arrangement. See note 7 for further explanation.

Abellio GmbH

In Germany, it was deemed necessary to effect a restructuring operation by means of insolvency proceedings instituted by the company itself, with effect from 30 June 2021, in order to prevent continuation of loss-making operations. Under these preliminary proceedings, the former shareholders lost their control of the company. In 2022, Abellio Germany finalised its restructuring operation for several entities and NS, by repurchasing the shares, regained control over PTS GmbH (as at 1 February 2022), WestfalenBahn GmbH (as at 1 March 2022) and Abellio Rail Mitteldeutschland GmbH (as at 1 July 2022). Since then, these entities have been reconsolidated. The onerous DISA contract will be continued by Abellio Rail Mitteldeutschland until December 2024, at NS's expense.

The activities in North Rhine-Westphalia and Baden-Württemberg were terminated in January 2022 and transferred to operators appointed by the Passenger Transport Authorities (PTAs), as an agreement could not be reached with the PTAs on additional compensation for operating the franchises.

The allocation of the purchase price of PTS GmbH, WestfalenBahn GmbH and Abellio Rail Mitteldeutschland GmbH was finalised in the first half of 2023. The resulting negative effect of € 5 million has been taken to the net financing result.



In the insolvency proceedings regarding the former German holding Abellio GmbH, the trustee has reached agreement with the creditors and NS. The agreement will serve to settle the bankruptcy, a process that will take some time. The provision as at 30 June 2023 has been brought in line with the outcome of the proceedings.

Abellio UK

Since 31 May 2022, Abellio Transport Group Ltd and its group companies ('Abellio UK' below) have been presented as 'assets and liabilities held for sale'. On 28 February 2023, the transaction was finalised with the transfer of the shares in Abellio Transport Group Ltd to Transport UK Group Ltd, a British entity owned by local management. As of the transfer date, Abellio UK is no longer consolidated.

The net results of the discontinued operations in the United Kingdom are stated under 'Result from discontinued operations'. For further explanation, see note 3. See note 6 for information about the assets that have arisen since the termination of operations in the United Kingdom.

Notes to the condensed consolidated income statement

1) Revenue/earnings development

The following table gives a breakdown of revenue by transport category and geographical area:

	first half year					
	2023		2022			
(in millions of euros)	External revenue	Additional government contribution s related to COVID-19	Total	External revenue	Additional government contribution s related to COVID-19	Total
Train-related transport in the Netherlands	1,417	37	1,454	1,091	226	1,317
Station development and exploitation in the Netherlands	241	-	241	196	4	200
Train-related transport in Germany	195	-	195	37	-	37
	1,853	37	1,890	1,324	230	1,554

Revenue from train-related transport in Germany in the first half of 2023 is higher than in the same period in 2022, due to the inclusion of the revenue of the entities PTS, WestfahlenBahn and Abellio Rail Mitteldeutschland for the entire first six months. In the first half of 2022, only the revenue of PTS (from 1 February) and WestfahlenBahn (from 1 March) was included.

Movements in additional governmental contributions in connection with COVID-19 are explained in note 7.

2) Income tax

(in millions of euros)	first half year	
	2023	2022
Result before tax from continued operations	35	156
Income tax based on Dutch corporate income tax rate (25.8%)	-9	-40
Permanent differences	11	20
Total income tax	2	-20



3) **Assets and liabilities held for sale/Discontinued operations**

In line with its strategy, which dictates that international activities should be in the interest of passengers in the Netherlands, NS prepared its departure from the British market, with its shareholder's permission. Since 31 May 2022, Abellio Transport Group Ltd and its group companies have been presented as 'held for sale'.

On 28 February 2023, the Group transferred its shares in Abellio Transport Group Ltd to local management for an initial selling price of £ 16.5 million (€ 19 million). Supplementary agreements were made on the following topics:

- settlement of potential gains arising from outstanding claims from the past by local management. Following settlement, these gains largely accrue to NS.
- Settlement and transfer of assets of discontinued franchises and settlement of the associated guarantees, guarantee value € 0.3 billion.
- Earn-out scheme. Under an earn-out scheme for the 2022-2025 period, NS is entitled to a share in the joint profit arising from the Merseyrail franchise and London Bus business to a maximum of £ 10 million.
- Special share. The Group has retained one share in Abellio UK to which specific rights are attached (the 'special share'). Through the special share, the Group retains its entitlement to potential gains from the settlement of claims and discontinued franchises.

NS is entitled to the value of the former franchises and claims settled by local management for NS. In addition, on behalf of NS local management will see to the proper settlement of the discontinued franchises. Successful settlement will result in the release of guarantees issued by NS. This process may take several years to complete. See note 6 for information about the assets that have arisen since the termination of operations in the United Kingdom.

As of the transfer date, Abellio UK is no longer consolidated. As at 28 February 2023, the assets and liabilities of the entities held for sale can be broken down as follows:

(in millions of euros)	as at 28 February 2023
Assets held for sale	
Property, plant and equipment	23
Intangible non-current assets	-
Right-of-use assets	672
Investments recognised using the equity method	13
Other non-current financial assets, including investments	8
Deferred tax assets	20
Total non-current assets	736
Inventories	12
Trade and other receivables	417
Income tax receivable	19
Other non-current financial assets, including investments	5
Cash and cash equivalents	304
Total current assets	757
Total assets	1,493
Liabilities held for sale	
Loans and other financial liabilities, including derivatives	89
Lease liabilities	481
Employee benefits	-
Provisions	11
Deferred tax liabilities	2
Total non-current liabilities	583
Loans and other financial liabilities, including derivatives	-
Lease liabilities	176
Income tax payable	3
Trade and other payables	556
Deferred income	27
Provisions	18
Total current liabilities	780
Total liabilities	1,363



As at 31 May 2022, the Group ceased to depreciate all the property, plant and equipment of Abellio UK. In 2023, until 28 February, this has resulted in a € 42 million fall in costs. The assets and liabilities are stated at the carrying amount.

The Group had outstanding intercompany loans to Abellio UK of € 173 million, which are not presented in the above overview because they were eliminated in the consolidation until the moment of sale. At the moment of transfer of the shares of Abellio Transport Group Ltd these loans, subject to the depreciation as recognised in 2022, were transferred to Transport UK Group Ltd. From that moment, the loans qualify as loans to third parties presented as non-current financial assets; see note 6.

The result from discontinued operations can be broken down as follows:

(in millions of euros)	first half year	
	2023	2022
Revenue	368	1,394
Operating expenses	-331	-1,341
Share in result of investments accounted for according to the equity method	1	4
Result from operating activities	38	57
Net finance income	-	-
Result from sale of participating interest	-38	-
Result before income tax	-	57
Income tax	1	-2
Net financing cash flow from discontinued operations	1	55

The net financing result from discontinued operations includes an intercompany interest expense of € 1 million until 28 February 2023 (first half of 2022: € 5 million). This interest expense is not presented in the above overview because it was eliminated in the consolidation.

The result on the sale of Abellio UK is € 38 million negative as at 28 February 2023. The result is negative because, at the moment of sale, the net carrying amount of assets and liabilities of Abellio Transport Group Ltd and its group companies exceeds the realisable value (minus the expected selling costs). This negative result is caused primarily by the termination of depreciation.

The result from discontinued operations can be summarised as follows:

(in millions of euros)	as at 30 June 2023
Result Abellio UK before termination of depreciation	-5
Effect of termination of depreciation	42
Result from sale of participating interest	-38
Intercompany interest	1
Recycling reserves	-30
Value changes in non-current financial assets of Transport UK Group Ltd.	31
Net financing cash flow from discontinued operations	1

4) Staffing

The workforce decreased from 29,802 FTEs at the end of 2022 to 18,958 FTEs as at 30 June 2023. This decrease is due primarily to the sale of Abellio UK as at 28 February 2023. At that moment, Abellio UK had a workforce of 10,609 FTEs.



5) *Related parties*

Transactions with related parties are conducted on an arm's-length basis.

All issued shares are held by the State of the Netherlands. In the first half of 2023, the Group recognised a franchise fee and a high-speed line fee payable to the Ministry of Infrastructure and Water Management totalling € 105 million (first half of 2022: € 95 million). The user fee for the Dutch infrastructure paid to ProRail BV, a State-affiliated company, amounted to €196 million in the first half of 2023 (first half of 2022: € 177 million).

One significant transaction with a State-affiliated organisation (DUO, the Dutch Education Executive Agency) concerns the revenue from student public transport passes (first half of 2023: € 307 million, first half of 2022: € 298 million).

Furthermore, in the first half of 2023 the Group recognised a sum of € 37 million in revenue through various State schemes (2022: € 230 million) (transition fee and adjustments to the availability payment in 2023, and availability payment and Temporary Emergency Bridging Measure for Sustained Employment (NOW) compensation in 2022).

The sale of Abellio UK to Transport UK Group Ltd and the associated future settlements qualify as transactions with a related party. In the first half of 2023, the result from discontinued operations was € 1 million. For further explanation, see notes 3 and 6.

There were no other significant transactions with related parties.

Notes to the condensed consolidated balance sheet

6) *Other non-current financial assets, including investments*

The other non-current financial assets, including investments, can be broken down as follows:

(in millions of euros)	30 June 2023	31 December 2022	Accounting policy
Other financial assets included in fixed assets			
Interest in Eurofima	90	90	Fair value through other comprehensive income – equity investment
Interest in bonds	-	27	Fair value through other comprehensive income – investment in debt instruments
Interest rate derivatives	18	38	Derivatives – fair value
Interest in Transport UK Group Ltd	53	-	Fair value through result
Long-term receivables Transport UK Group Ltd	11	-	Fair value through result
Long-term loans Transport UK Group Ltd	105	-	Amortised cost
Other financial fixed assets	44	42	Amortised cost
Total	321	197	

The carrying amounts of financial assets and liabilities recognised in the balance sheet do not differ materially from the fair values. The Group sold its bonds in the first half of 2023.

Due to the sale of Abellio UK, the Group has recognised non-current financial assets in the amount of € 169 million. These principally consist of:

- Interest in Transport UK Group Ltd (special share). The special share entitles the holder to future cash flows from the settlement of former franchises and claims by local management that cannot be recognised as repayment on the loans. This is either because the existing loan has already been repaid, or because the entity has no



outstanding loan to NS Groep in its books. The special share is a non-marketable equity instrument carried at fair value with value changes accounted for in the income statement. The fair value was determined with reference to the projected future cash flows.

- Long-term receivables from Transport UK Group Ltd (earn-out). Under an earn-out scheme for the 2022-2025 period, NS is entitled to a share in the joint profit arising from the Merseyrail franchise and London Bus business to a maximum of £ 10 million. The receivable is carried at fair value, calculated on the basis of the projected future cash flows.
- Long-term loans to Transport UK Group Ltd, measured at amortised cost using the effective interest method, including:
 - Loans provided by the Group to the operating companies of Abellio UK in the past. With the sale of Abellio UK, these loans were transferred to Transport UK Group Ltd. The part of the loans that is expected to be non-recoverable based on the projected cash flows has been written down. The loans are repaid out of future cash flows from the settlement of former franchises and claims by local management. The loans have a period to maturity ranging from 2024 to 2028, at 4% interest.
 - Loan to Abellio Transport Holding Group with a period to maturity until 1 July 2024, at 4% interest. This is a former shareholder loan that is expected to be repaid in full.
 - Loan provided to the buyer to finance the takeover ('vendor loan note'). The loan has an initial period to maturity of four years. The interest rate gradually increases from 6% in the first year to 12% in the fourth year. This loan is associated with a cash receivable from Merseyrail that becomes due and payable at the end of the Merseyrail franchise at the latest.

In the settlement of claims and procedures, the management of Transport UK Group Ltd is entitled to a management fee. This fee equals a percentage of the amount claimed and is recognised as a repayment of the vendor loan note. The vendor loan note will be repaid, irrespective of the amount of the management fee. For that reason, the management fee amounts cannot be included in the valuation of the loan and have been stated separately as a provision. The level of the provision has been calculated on the basis of the present value of the projected management fee amounts, at € 12 million as at 30 June 2023.

7) Receivable relating to availability payment / transition fee

Based on the 2022 public transport availability payment arrangement ('BVOV'), as issued by the Ministry of Infrastructure and Water Management, NS was entitled to compensation for the full year of 2022 for the loss of revenue it suffered as a result of the pandemic. The compensation equals 93% of the indexed 2019 cost level for the 2022 availability payment, less 100% of the realised revenues.

In 2022, NS recognised compensation in the amount of € 274 million. Eligibility for the BVOV is subject to specific conditions, such as operating a suitable timetable (which is at least comparable to 2021), compliance with the applicable procurement legislation, a dividend ban, a ban on severance payments to Dutch senior executives and a ban on bonuses to senior executives and board members within the Dutch entities. NS has concluded that the 2022 availability payment could be justified by testing it against the applicable conditions. Due to the scale-down of rolling stock in 2022, the timetable in that year was, at certain points in time, less extensive than in 2021. NS has accounted for that by means of a proportionate adjustment to the 2022 financial statements.



In June 2023, the BVOV payment was definitively set at € 301 million. The State Secretary for the Environment awarded NS the full BVOV payment, but also imposed a financial measure on the company (a € 1.5 million fine) for its decision to scale down the timetable in the second half of 2022. As there has been no demand for payment of the fine, it has not been recognised in the six-monthly figures. NS is required to use the amount for the benefit of passengers. The company will draw up a plan for that purpose and account for its use of the funds concerned.

Due to adjustments, including the lapse of the proportional adjustment that was applied in 2022, a total of € 14 million in BVOV payments was recognised in the revenue in the first half of 2023.

The Ministry of Infrastructure and Water Management has made available a 'public transport transition safety net (TVOV)' for the benefit of the entire sector in 2023. The TVOV is subject to conditions similar to those that apply to the BVOV. It is also subject to a transition plan, which NS has already submitted (along with the application). NS is expected to be able to claim € 45 million under this arrangement. As at 30 June 2023, NS recognised € 23 million in compensation.

8) *Equity and dividends*

The financial statements for 2022 and the profit appropriation were adopted in the shareholders' meeting of 2 March 2023. In accordance with the proposal, the result attributable to the company's shareholders of € 579 million was added to the general reserve.

As a result of the transfer of the shares in Abellio Transport Group Ltd, the following reserves have been recycled via the income statement:

- Translation reserve; expense of € 33 million
- Revaluation reserve for derivatives; gain of € 3 million

The recycling of the following reserves has been taken straight to equity:

- Actuarial reserve for pensions of € 3 million
- Revaluation reserve for the Merseyrail joint venture (actuarial reserve for pensions) of € 13 million

9) *Loans and other financial liabilities, including derivatives*

The total amount in loans and other financial liabilities can be broken down as follows:

(in millions of euros)	30 June 2023	31 December 2022
Non-current liabilities		
Private loans	1,892	1,504
Currency derivatives	3	1
Total	1,895	1,505
Current liabilities		
Private loans	295	294
Currency derivatives	4	2
Total	299	296
Total liabilities	2,194	1,801

When determining the value of derivatives used for hedging, the Group uses valuation techniques in which all significant data required are derived from observable market data.



10) Settlement of claims and legal proceedings

Chromium-6

On 31 January 2019, the National Institute for Public Health and the Environment (RIVM) presented the results of an investigation into the use of Chromium-6 at the tROM reintegration project in Tilburg. In that project, people on unemployment benefits worked between 2004 and 2011 on trains belonging to NS and the Dutch Railway Museum at the then NedTrain workshop in Tilburg, which had been made available to third parties. RIVM carried out an investigation in which NS cooperated. An independent committee drew conclusions on the basis of the results of the investigation and formulated recommendations. At the beginning of February 2019, the parties (municipality of Tilburg, NS and the Dutch Railway Museum) announced that they would come to an arrangement jointly and each on the basis of its own responsibility. NS already provided for its share of the expected costs as at 31 December 2019 and has updated this figure based on its understanding as at 30 June 2023. The movement in the provision is recognised in other operating expenses.

Furthermore, the police carried out a criminal investigation on the instructions of the Public Prosecution Service, in which NedTrain was one of the suspects. Both NedTrain and the municipality of Tilburg were prosecuted for violating the Working Conditions Act (*Arbeidsomstandighedenwet*) and the Environmental Management Act (*Wet milieubeheer*). The court gave its verdict on 1 February 2023. As regards violation of the Working Conditions Act, the court ruled that the Public Prosecution Service had no cause of action because the offence had become barred by limitation. The court did sentence NedTrain to a fine of € 250,000 for participating in violation of the Environmental Management Act. The fine is recognised in the results for 2022. NS has decided not to bring an appeal.

Provision for continued payment of irregular hours allowance during holiday

The Group has created a provision for the claimed irregular hours allowance for days' leave over and above the statutory minimum. The legal proceedings on this issue were finalised in the first half of 2023. The provision is classified as short-term.

11) Off-balance sheet commitments

Energy commitments in the Netherlands

In 2014, the Group signed a ten-year contract (2015-2024) with Eneco for the supply of green traction electricity for the rolling stock fleet in the Netherlands. As at 30 June 2023, the purchase obligation amounts to € 115 million (31 December 2022: € 141 million).

Investment commitments

As at the end of June 2023, the Group has investment commitments outstanding for an amount of € 1,403 million (31 December 2022: € 1,346 million), primarily for purchasing and upgrading trains and investments in the areas around the stations.

Guarantees

The Group has issued guarantees totalling € 429 million (31 December 2022: € 504 million) relating to the operation of the (former) franchises in the United Kingdom and Germany. A part of the guarantees relating to Abellio Germany has been provided for.



Other information

Events after the balance sheet date

No matters have come to light after the balance sheet date that provide further information about the actual situation as at the balance sheet date, nor were there any events that are significant for the opinion to be formed by users of the half-year report.

Utrecht, 9 August 2023

Executive Board

W. Koolmees, President of NS
H.L.L. Groenewegen, Finance Director
E.F.W. van Asch, Director of Operations
T.B. Smit, Director of Commerce & Development