

Turning point for Schiphol in 2023

Quality improvements come at a cost

2023 marks a turning point for Schiphol's development. Passengers once again had a pleasant experience at the airport, working conditions for employees improved and Schiphol came up with initiatives in an 8-point plan to make the airport structurally quieter, cleaner and better. Schiphol closes the financial year 2023 with an underlying result of 101 million euros. Although the financial results improved, Schiphol's financials remain under pressure because of significant cost increases and investments with the necessary quality improvements.

Schiphol invested a lot in creating higher wages and better working conditions in 2023. The number of security guards working at the airport increased significantly contributing to passengers travelling comfortably again. Investments in well-functioning lifting aids in the baggage areas will make the work of baggage handlers easier and Schiphol is also taking important steps to better protect employees against emissions from vehicles and aircraft. This is ongoing.

Schiphol connects the Netherlands to 305 direct destinations (-3,8% compared to 2022) of which 126 are intercontinental (-2,3% compared to 2022). Schiphol was the second best connected airport in 2023 based on the number of direct connections, according to the ACI Connectivity Report 2023. Schiphol is in 2023 the 4th best connected hub airport worldwide.

CEO Ruud Sondag: "It is time to further invest in the quality at Schiphol. Recent investments really paid off. Both working at and travelling through Schiphol has considerably improved. And we are not done yet. We must continue to invest if we want to secure quality for airlines, passengers and employees. 2023 also marks our turning point in our concerns for our neighbours and the climate. More than ever we are motivated to contribute to these topics and we want to do so by achieving our 8-point plan. The need to reduce noise in the short term, for example by banning night flights, is essential. We continue our work to be an excellent airport for everyone at and around Schiphol."

Traffic

There were 441,969 air transport movements at Amsterdam Airport Schiphol. This is an 11% increase compared to 2022. Cargo volumes at Amsterdam Airport Schiphol declined by 4% to 1.38 million tonnes. There were 15,969 cargo-only flights. This represents a 15% decline compared to 2022.

Air Transport Movements

	Amsterdam Airport		Rotterdam The Hague		Total
	Schiphol	Eindhoven Airport	Airport		
2023	441,969	39,996	16,191		498,156
2022	397,646	38,143	15,772		451,561
2021	266,967	21,704	6,355		295,026
2020	227,304	18,882	5,314		251,500
2019	496,826	41,438	16,683		554,947

The total number of passengers at Royal Schiphol Group airports in the Netherlands increased by 16% to 70.9 million (2022: 60.8 million).

Passengers (in millions)

	Amsterdam Airport		Rotterdam The Hague	Total
	Schiphol	Eindhoven Airport	Airport	
2023	61.9	6.8	2.2	70.9
2022	52.5	6.3	2.0	60.8
2021	25.5	2.7	0.7	28.9
2020	20.9	2.1	0.5	23.5
2019	71.7	6.7	2.1	80.5

Customer experience

The 2023 Net Promoter Score (NPS) clearly reflects the better experience of passengers travelling to and from Amsterdam Airport Schiphol. The scores of the May and summer holiday 2023 are considerably higher than in the same period in 2022, when operational problems led to extremely low NPS scores. The annual moving average increased from 26 to 36.

Financials

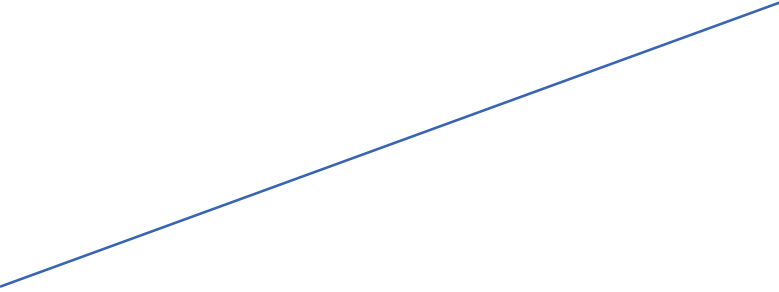
The underlying net result for 2023 is a 101 million euros (2022: a loss of 28 million euros). However, the Business Area Aviation remains heavily loss-making and Schiphol Group proposes not to pay out any dividend to its shareholders over 2023. Revenue increased strongly by 24.2% to 1,852 million euros (2022: 1,491 million euros).

Underlying results

<i>EUR million</i>	2023	2022	2021
Revenue	1,852	1,491	816
Underlying EBITDA	501	361	-
Underlying Operating Result	157	30	-299
Underlying result attributable to shareholders	101	-28	-287
Underlying result	110	-19	-288
Result attributable to shareholders	13	-86	105
Result for the year	22	-77	104

Outlook for 2024

In 2023, Schiphol Group has seen a further recovery in passenger numbers. Schiphol Group expects this recovery to continue in 2024 with a slight growth in the number of passengers and aircraft movements. The demand for air travel remains high for the time being despite the increasing price of tickets. In 2024,



Amsterdam Airport Schiphol expects to accommodate between 460,000 - 483,000 aircraft movements and welcome 65-69 million passengers. In the longer term, the development of the number of flights is uncertain, due to the Dutch government's intention to reduce the number of aircraft movements. For this, a Balanced Approach procedure is followed, which is currently being reviewed by the European Commission.

From a financial perspective, Schiphol continues its efforts to improve its financial resilience. However, recent challenges (recovery of COVID-19 crisis), current economic factors (inflation) and future developments (necessary quality investments) are all of severe impact on the financial position and operational costs. Charging the true cost of airport operations to its users as well as collecting historical settlements via airport charges will be essential to continue Schiphol's development. A quality airport comes at a cost.

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Key figures

EUR million unless stated otherwise	2023	2022	%
Revenue	1,852	1,491	24
Other results from investment property	-	-	
Operating expenses (excluding depreciation, amortisation and impairment)	1,351	1,130	20
Underlying EBITDA¹	501	361	39
Depreciation, amortisation and impairment	344	331	4
Underlying operating result	157	30	>100
Financial income and expenses	-28	-78	64
Share in results of associates and joint ventures	21	18	17
Underlying result before tax	150	-30	>100
Corporate income tax	-40	11	>100
Underlying result for the year	110	-19	>100
Attributable to non-controlling interests	9	9	-
Underlying result for the year attributable to shareholders	101	-28	>100
<i>Adjustments for:</i>			
NOW government grants	-	11	
Other results from investment property (including the share of results of associates and joint ventures)	-149	-172	
Impairment (share in results of associates and joint ventures)	-1	-10	
Other results from financial assets	-	135	
Other results from financial liabilities	30	-74	
Tax impact (including the share of results of associates and joint ventures)	31	52	
Total adjustments	-89	-58	
Result for the year	22	-77	>100
Attributable to non-controlling interests	9	9	-
Net result attributable to shareholders	13	-86	>100
Total equity	3,499	3,506	0
Investments in intangible and tangible assets	678	444	53
Cash flow from operating activities	489	353	39
Proposed dividend	-	-	
Underlying return on equity (ROE) ²	2.9%	-0.8%	
Net Leverage (underlying EBITDA) ³	7.54	10.05	
FFO / net debt ⁴	11.8%	7.4%	
FFO interest coverage ratio ⁵	6.67	4.47	

EUR million unless stated otherwise	2023	2022	%
Solvency ⁶	37.1%	35.9%	
Earnings per share (in EUR) ⁷	74	-509	
Dividend per share (in EUR)	-	-	
Business volume (in numbers)			
Air transport movements ⁸	498,156	451,561	10.3
Passenger movements (x 1,000) ⁸	70,902	60,823	16.6
Cargo (x 1,000 tonnes) ⁹	1,378	1,438	-4.2
Employees in full-time equivalents (average) ¹⁰	2,820	2,487	13.4

1 Operating result plus depreciation, amortisation and impairment.

2 Underlying net result attributable to shareholders / average total equity attributable to shareholders.

3 Leverage: (interest-bearing debt - cash and cash equivalents*) / Underlying EBITDA.

*Cash and cash equivalents for this calculation include deposits > 3 months.

4 Funds from operations (cash flow from operating activities before changes in working capital) / (interest-bearing debt - cash and cash equivalents*).

*Cash and cash equivalents for this calculation include deposits > 3 months.

5 Funds from operations plus gross interest expense / gross interest expense.

6 Total equity attributable to owners of the Company / Total assets.

7 Based on net result attributable to shareholders.

8 Amsterdam Airport Schiphol, Rotterdam The Hague Airport and Eindhoven Airport.

9 Amsterdam Airport Schiphol only.

10 Amsterdam Airport Schiphol, Rotterdam The Hague Airport, Eindhoven Airport and Lelystad Airport.

Financial performance

The 2023 underlying net result of Schiphol Group increased with 129 million euros from a reported loss of 28 million euros in 2022 to 101 million euros positive result in 2023. The increase in revenue was mainly driven by an increase in passenger numbers and ATM's compared to 2022, a year which was still partly influenced by COVID-19 travel restrictions.

Furthermore, the revenue increased as a result of a 12% increase of the airport charges at Amsterdam Airport Schiphol as of April 2023. The increase in revenue is partly offset by an increase in underlying operating expenses (mainly security costs, employee benefits and maintenance).

The adjustment from underlying result for the year to the result for the year is mainly a consequence of developments in the real estate market and results from financial assets and liabilities. Market developments in the real estate sector further deteriorated, which led to a significant decrease in the fair value of Schiphol's real estate portfolio. The 2023 fair value loss from investment property amounted to 151 million euros compared with a fair value loss of 192 million euros in 2022. The fair value gains and losses relating to Schiphol's international investments in Brisbane and Hobart amounted to a fair value gain of 2 million euros, compared to a fair value gain of 20 million euros in 2022 due to favourable market conditions at that time.

The 2023 net result was one-off impacted by the execution of a cash tender offer on three of the outstanding EMTN notes resulting into a 380 million euros notional repayment against a cash settlement of 350 million euros, hence a financial gain of 30 million euros before tax. The 2022 net result was on the other hand impacted by a net fair value gain before tax of 61 million euros on the remeasurement of the shares in Group

This press release may contain certain forward-looking statements that are subject to risk in connection with financial factors and results of Royal Schiphol Group's operations, and in connection with certain plans and objectives of Royal Schiphol Group in this context. By their nature, forward-looking statements involve risk and uncertainty because they relate to or depend on future events and/or circumstances and there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. Forward-looking statements and forecasts are based on current data and historical experience which are not necessarily indicative of future outcomes or the financial performance of Royal Schiphol Group and should therefore not be considered in isolation.

ADP (Assets held for sale) less the remeasurement result on the financial liability related to the Share buy back obligation.

The net result for the year attributable to shareholders amounted to 13 million euros in 2023 compared to negative net result of 86 million euros in 2022.

Revenue

EUR million	2023	2022	%
Airport charges	1,158	901	28.5
Concessions	205	162	26.5
Rent and leases	194	193	0.5
Parking fees	150	125	20.0
Other	145	110	31.8
Net Revenue	1,852	1,491	24.2

Revenue increased strongly by 361 million euros (24%), rising from 1,491 million euros in 2022 to 1,852 million euros in 2023. Higher revenue was mainly driven by an increase in passenger numbers and ATMs and a 12% increase of the airport charges for Amsterdam Airport Schiphol as of April 2023. The total number of passengers using Schiphol Group's airports increased by 17% to 70.9 million (2022: 60.8 million).

Airport charges

Revenue from airport charges at Amsterdam Airport Schiphol, Eindhoven Airport and Rotterdam The Hague Airport increased by 29% in 2023 to 1,158 million euros. This result was driven by an increase in the number of passengers, ATMs and an increase in airport charges at Amsterdam Airport Schiphol effective as of April 2023.

At Amsterdam Airport Schiphol, passenger numbers were up by 18% to 61.9 million (2022: 52.5 million), while the number of ATMs also increased by 11% to 441,969 (2022: 397,646). Cargo volumes decreased by 4% to 1.38 million tonnes compared to 1.44 million tonnes in 2022. Revenue from airport charges at Amsterdam Airport Schiphol increased by 251 million euros to 1,072 million euros (2022: 821 million euros).

Passenger numbers at Eindhoven Airport increased by 9% to 6.8 million in 2023 (2022: 6.3 million) and the number of ATMs increased by 5% to 39,996 (2022: 38,143). As a result, revenue from airport charges increased by 3% to 51 million euros in 2023 (2022: 49.5 million euros).

At Rotterdam The Hague Airport, the number of passengers in 2023 increased by 6% to 2.2 million (2022: 2.1 million), the number of ATMs increased by 419 to 16,191. Due to these positive developments the revenue from airport charges at Rotterdam The Hague Airport increased with 4.4 million euros to 34.4 million euros compared to 30 million euros in 2022.

Concessions

Revenue generated by Schiphol Group through concessions strongly increased by 27% to 205 million euros in 2023 (2022: 162 million euros) following an increase in passenger numbers at Amsterdam Airport Schiphol as well as our regional airports. Revenue from concessions is positively impacted by absence of COVID-19 restrictions in 2023. Contrary to 2022 all shops were open with full opening hours as of April 2023. The return of passengers with destination China and Hong Kong had a positive impact on the passenger mix resulting in a higher spend per passenger.

The average spend per passenger on retail airside at Amsterdam Airport Schiphol increased from 12.67 euros to 13.06 euros, food and beverage spending per departing passenger decreased from 6.17 euros to 6.12 euros. The improved operation at Amsterdam Airport Schiphol led to longer dwell time in which passengers visit stores or consume food and drinks.

Rent and leases

Revenue from rents and leases increased by 1% from 193 million euros in 2022 to 194 million euros in 2023. This increase is primarily caused by the increase as a result of indexation of lease contracts. The increase from indexation is for a major part offset by lower service charge revenue (relating to electricity and gas charges). The decrease in service charge related revenue had a limited impact on the EBITDA performance, as only the service costs for vacant space retain in income statement. The average occupancy rate of Schiphol's total real estate portfolio in 2023 was 94.3%, which is in line with the average occupancy rate of 94.4% during the same period last year. The occupancy rate is generally lower, but the second line freight performance compensates for this effect.

Parking fees

Total parking revenue increased by 20% to 150 million euros in 2023 (2022: 125 million euros). Parking revenue at Amsterdam Airport Schiphol increased by 20 million euros to 123 million euros. This is attributable to an increase in the number of original destination passengers (approximately 12.1%) at Schiphol and a higher average transaction value. Staff parking increased with 8% due to more subscriptions and an average indexation of 3.5%. A similar development was seen at Eindhoven Airport and Rotterdam The Hague Airport.

Other

Revenue from other activities increased by 32% to 145 million euros, also due to the increase in passenger numbers. The increase is mainly driven by an increase in passengers with reduced mobility, more passengers making use of premium services as well as advertising (media) activities due to more passengers arriving and departing.

Underlying operating expenses

EUR million	2023	2022	%
Outsourcing and other external costs	773	684	13.0
Employee benefits	290	252	15.1
Security	288	194	48.5
Underlying operating expenses (excl. Depreciation, amortisation and impairment)	1,351	1,130	19.6

The underlying operating expenses increased by 221 million euros in 2022 from 1,130 million euros to 1,351 million euros. This increase results from an increase in passenger numbers, increased operational expenses to ensure a stable and robust operation across the entire airport and increased inflation compared to 2022 reflected in our workforce cost and services purchased.

Outsourcing and other external costs

Costs of outsourced work and other external charges increased from 684 million euros to 773 million euros, mainly caused by increased operational costs due to higher traffic numbers and the recovery from the COVID-19 pandemic in operations. Increase was mainly driven by an increase of temporary personnel to support the airport operations for which central recruitment was done by Schiphol Group. Furthermore,

external resources were hired to improve the operations process and additional IT costs were recognized for these improvements as well.

The costs of maintenance activities (included as part of costs of outsourced work and other external charges) increased by 18 million euros in 2023 to 166 million euros (2022: 148 million euros), mostly due to an increase in corrective maintenance (on the luggage and flight handling) as a result of an increase in passenger numbers.

Employee benefits

The cost of employee benefits increased by 38 million euros in 2023 to 290 million euros compared with 2022 (252 million euros). This is mainly the result of an increase in the active workforce (and costs) of Schiphol. During 2023 no income from NOW government grants was reported (2022: 11 million euros).

Besides the impact of inflation on all the reported expenses categories the outsourcing and other external costs increased mainly as a result of increased maintenance levels of Schiphol airport.

Security costs

The costs of security (included as part of the costs of outsourced work and other external charges) increased 94 million euros in 2023 (288 million euros compared with 194 million euros in 2022). The increase was mainly caused by increased passenger levels as well as the adjustments in the working schedules as an investment to solve security staff shortages.

Underlying depreciation, amortisation and impairment

Depreciation, amortisation and impairment increased 13 million 2023 compared to 2022 due to new assets that were taken into operation in 2022 and 2021.

Underlying operating result

EUR million	2023	2022	%
Aviation	-113	-199	43.2
Schiphol Commercial	242	221	9.5
Alliances & Participations	28	8	>100
Underlying operating result	157	30	>100

The underlying operating result improved in 2023, generating a positive result of 157 million euros compared to a positive result of 30 million euros in 2022.

The underlying operating result from Aviation improved by 86 million euros to a loss of 113 million euros in 2023 compared to a loss of 199 million euros reported in 2022. Although the number of passengers, ATM's and airport charges increased compared to 2022 it turned out that the increase could not completely offset the increased operational costs.

The underlying operating result of Schiphol Commercial increased in 2023, from 221 million euros to 242 million euros. This was the result of an increase in revenue in all areas, due to an increase in passenger numbers compared to 2022 and an overall improved service level to passengers.

The underlying operating result for Alliances & Participations increased by 20 million euros mainly due to an increase in revenue of the regional airports which is attributable to an increase in passenger numbers and ATM's.

Financial income and expenses

The underlying net financial income and expense for 2023 amounts to 28 million euros and is in line with expectations given the debt portfolio and cash and cash equivalent position (2022: 78 million euros). The adjustment on the underlying net financial expense was in 2023 positively impacted by 30 million euros as a result of a one off financial income following the cash tender offer on certain EMTN notes. The net financial expenses in 2022 were impacted by a fair value gain of 135 million euros on the remeasurement and loss on disposal of the asset held for sale (investment (shares) in ADP) and a financial expense resulting from the remeasurement of the financial liability - share buyback obligation of 74 million euros.

Share in results of associates and joint ventures

EUR million	2023	2022	%
Brisbane Airport Corporation Holdings	21	12	75.0
Hobart International Airport (TGHC)	-3	2	<100
Other results of associates	3	4	-25.0
Underlying result of share in results of associates and joint ventures	21	18	16.7
<i>Adjustments for:</i>			
Other results from investment property	2	20	
Impairment (share in results of associates and joint ventures)	-1	-10	
Tax impact (including the share of results of associates and joint ventures)	-	5	
Total adjustments	1	15	
Result of associates and joint ventures	22	33	-33.3

The underlying share in the results of associates and joint ventures increased by 3 million euros, leading to a positive result of 21 million euros in 2023 (2022: 18 million euros). The fluctuations in the share of the results of associates and joint ventures were mainly driven by an increase in the results of our international activities, in particular Brisbane airport. Following international and domestic border openings in Australia and a strong pent up demand, passenger numbers have been trending higher than anticipated. Although operational performance of Hobart Airport continues to be strong, net results are affected by fair value changes of their interest rate swap.

Other results from investment properties comprise the net of fair value gain of both Brisbane airport and Hobart airport. An impairment loss of 1 million euros (2022: 10 million euros) was recognised on one of Schiphol's joint ventures.

Underlying corporate income tax

The underlying corporate income tax amounted to 40 million euros in 2023 compared with 11 million euros in 2022. This excludes the tax impact of the adjustments from underlying result to result with a total impact of 31 million euros for 2023 (52 million euros for 2022).

Underlying net result

As a result of the developments outlined above, the underlying 2023 net result increased by 129 million euros to 101 million euros from 28 million euros loss in 2022. The underlying return on equity amounted to 2.9% positive in 2023 (2022: 0.8% negative).

Net result

The adjustments, including the results of the investment property (mainly non-cash fair value gains) and several other one-off results, the net result attributable to shareholders for 2023 amounted to a result of 13 million euros (2022: negative result of 86 million euros). The return on equity amounted to 0.4% positive in 2023 (2022: 2.5% negative).

Other income and changes in the value of investment property

Due to the recent economic developments and the rising interest rates on the capital market, the market conditions for real estate were unfavourable, which contributed to a fair value loss of 151 million euros in 2023 (2022: loss of 192 million euros). The Net Initial Yield (NIY) rose substantially in the office market this past year, due to higher interest rates in the capital market and the lack of demand as a result of the changing environment. This led to a fair value loss of 90 million euros. The performance of the logistics real estate market is also unfavourable, but due to the remaining high demand for logistic real estate, the NIY increase was less compared to the office market, causing a fair value loss of 42 million euros. Fair value losses of 5 million euros were recognised on investment property under construction, due to rising yields and higher construction costs. For the land positions, fair value losses of 13 million euros were recognised due to unfavourable market developments for this segment.

Other results from financial assets and financial liabilities

Net financial income and expenses decrease by 18 million euros to positive 2 million euros for 2023 (2022: 16 million euros negative). This is mostly due to the 2022 fair value gain of 135 million euros on our investment (shares) in Groupe ADP, as a result of the remeasurement in terms of IFRS 9 as well as the recognition of the loss on disposal of the shares. Also, as a result of the remeasurement of the share buyback obligation, financial expenses to the amount of 74 million euros were recognised in 2022. The share buyback obligation (financial liability) was settled in December 2022 with the acquisition of the treasury shares.

Tax impact

Corporate income tax amounted to 9 million euros expenses in 2023 compared to 58 million euros income in 2022. The 2022 tax calculations were impacted by the non taxable fair value gain of 135 million euros and finance costs of 74 million euros from the revaluation of the share buy-back obligation and the assets held for sale. For 2023, the effective tax rate was higher than the domestic income tax rate of 25.8%, mainly as a result of adjustments related to prior years. The effective tax rate for the 2023 financial year was 28.7% (2022: positive 42.9%).

Balance sheet and cash flow developments

The balance sheet total as at 31 December 2023 amounted to 9,254 million euros. This figure decreased by 350 million euros compared with 31 December 2022 (9,604 million euros). Total equity decreased by 14 million euros to 3,433 million euros. The decrease is a combined effect of a positive result attributable to shareholders

of 13 million euros and a negative change in other comprehensive income of 27 million euros, mainly due to translation differences. No dividends were paid during 2022 and no dividends are proposed to be paid over 2023 but formal decision takes place in the General meeting of shareholders in April 2024.

Non-current assets increased by 139 million euros to 7,723 million euros as at 31 December 2023. The increase was mainly due to the increase of Assets under construction or development which increased by 297 million euros. Within investment property, recognised fair value losses of 151 million euros exceeded the 2023 capital expenditure and combined resulted in a decrease of 101 million euros in the balance.

Current assets decreased by 488 million euros compared to 2022, mainly caused by a decrease of long term deposits included in trade and other receivables and a decrease of cash and cash equivalents. The decrease of cash and cash equivalents is primarily a result of early repayment of certain EMTN notes following the cash tender offer and capital expenditures and financing of capital expenditures without attracting new borrowings. As at 31 December 2023, Schiphol Group held 785 million euros in cash and cash equivalents, of which 165 million euros in bank accounts, 286 million euros in bank deposits and 334 million euros in money market funds (2022 money market funds: 642 million euros). In addition an amount of 370 million euros was included in deposited with an initial maturity exceeding 3 months (2022: 680 million euros).

Current liabilities increased as a result of an increase in the short-term portion of borrowings and an increase in accruals and an increase in flight tax payable.

Investments

In 2023, Schiphol invested 678 million euros, an increase of 53% compared to 444 million euros in 2022. There are several reasons for this linked to operational feasibility (capacity issues aircraft stands) and manufacturability (limited capacity of terminal, fluctuating capacity and security capacity) and also caused by COVID-19's aftermath. The most significant investments in 2023 are:

- development of Pier A;
- execution of maintenance on runway 18C-36R (Zwanenburgbaan);
- redevelopment Terminal 1;
- development Hangar 17;
- execution of the multi-year maintenance plan.

Cash flow developments

Cash flow from operating activities amounted to an inflow of 489 million euros in 2023 compared with an inflow of 353 million euros in 2022. This increase was a direct consequence of the recovery from COVID-19 on an operational level during 2023.

Total cash flow from investing activities amounted to an outflow of 349 million euros in 2023 compared with an inflow of 216 million euros in 2022. The outflow was mainly a result of higher investments in Property, Plant and Equipment and repayment. The inflow of 2022 was impacted by the disposal of the financial asset (shares of Groupe ADP), as well as taking into account a net outflow (investments) of deposits.

Net cash flow from operating and investing activities (free cash flow) amounted to an inflow of 140 million euros in 2023 compared with an inflow of 569 million euros in 2022.

Cash flow from financing activities amounted to 406 million euros negative (2022: 438 million euros outflow). The 2023 outflow was a result of the cash tender offer on three of its outstanding EMTN notes executed

during the first half of the year, that resulted in a cash outflow of 350 million euros. In addition, Schiphol repaid the 25 million euros Namensschuldverschreibung, which matured during the first half of the year. The 2022 cash flow from financing activities was impacted by the acquisition of the treasury shares by 420 million euros. Schiphol Group did not attract additional debt in 2023 (2022: none).

Mainly as a consequence of the aforementioned developments in the operating result and the positive cash flow from investing activities, the net cash flow in 2023 amounted to an outflow of 266 million euros (2022: 131 million euros inflow). As a result, the net amount of cash balances, taking into account exchange and translation differences, decreased from 1,051 million euros as at 31 December 2022 to 785 million euros as at 31 December 2023.

In addition to these cash balances, Royal Schiphol Group has access to 675 million euros in committed and 150 million euros in uncommitted undrawn bank facilities (2022: 675 million euros committed and 150 million euros uncommitted) and 370 million euros in short-term deposits.

Financing

The total amount of outstanding loans and lease liabilities decreased by 431 million euros in 2023 to 4,934 million euros (2022: 5,365 million euros). The decrease was mainly the result of the voluntary cash tender offer on Schiphol's outstanding EMTN Notes, which reduced the total gross debt notional by 380 million euros, and to a lesser extent the repayment of 25 million euros on a Namensschuldverschreibung and 9 million euros on loans from the European Investment Bank. At present, it is possible to raise funds of up to 5 billion euros under the EMTN Programme, of which 4,037 million euros has been issued.

In addition, Schiphol Group has an Euro Commercial Paper (ECP) programme with a current limit of 1 billion euros. Schiphol Group also has a number of committed undrawn facilities to the value of 675 million euros with BNP Paribas, ABN AMRO, ING, Natwest Markets, SMBC, Rabobank, BNG and EIB.

Ratios

The most important financing ratios set out in our financing policy are FFO/net debt, FFO/interest coverage ratios and net leverage ratios. Funds From Operations (FFO) relates to cash flow from operating activities adjusted for operating working capital. In 2023, FFO increased from 267 million euros negative to 446 million euros positive. The FFO/net debt ratio reached 11.8% positive at the end of 2023 compared with 7.4% positive at the end of 2022.

The FFO/interest coverage ratio in 2023 was 6.7x positive, an increase from the 4.5x negative recorded in 2022. In addition to these two ratios, the net leverage ratio (ratio of interest-bearing debt minus cash and cash equivalent divided by EBITDA) is applied. At the end of the 2023 financial year, Schiphol Group's net leverage ratio stood at 7.5x. The solvency ratio for the Group over 2023 was 37.1% (2022: 35.9%), which is above the required minimum of 30% per the covenants of the European Investment Bank.

Other developments

Royal Schiphol Group and Maastricht Aachen Airport (MAA) started a strategic cooperation. Schiphol acquired a 40% stake in MAA and the province of Limburg kept a 60% stake. We include 40% of the results of MAA as from the 1st of September which was the closing date. The parties are committed to further develop MAA into a sustainable, environment-conscious and future-proof airport for both passengers and cargo.

Schiphol has announced higher airport charges in 2024: a raise not by 12%, as was previously expected, but by 14.8% as a result of settlements from previous years.

Schiphol and Kappé completed the already announced acquisition of 100% shares of Kappé on 18 January 2024 with effective date of 1 January 2024.

Following a request of Minister Harbers (Ministry of Infrastructure and Water Management), Schiphol provided clarity about the capacity in the 2024 summer season. The airport planned to provide capacity for 293.000 flights in the summer season (31 March - 26 October), on the condition that peak times are relieved.

Despite the majority of the Dutch Parliament voting in January 2024 to not support the commercial opening of Lelystad Airport, this is however not a decision as the government has to formally decide about the future of the airport. Schiphol remains committed to the opening of Lelystad Airport, as the opening is good for Lelystad and the region. It also offers the opportunity to move (night) flights from Schiphol to daytime flights at Lelystad Airport. That benefits the neighbours of Schiphol.

Quality of Life

In April, Schiphol presented its 8 pointplan, of 8 initiatives that will lead to quieter, cleaner and better aviation. According to Schiphol, it is time to give the local environment, employees and the aviation industry perspective. The plan includes no aircraft to take-off between 00:00 and 06:00 and none to land between 00:00 and 05:00, that there will be no second Kaagbaan Runway, that private jets and the noisiest aircraft will no longer be welcome. This will lead to a reduction in the number of people experiencing noise nuisance.

Schiphol welcomed the Ministry of Infrastructure & Water Management's decision to free up land that had been reserved for a possible second Kaagbaan Runway. This measure represents a positive development for the airport's neighbours and is one of the eight measures proposed in Schiphol's plan mentioned above.

Schiphol announced a collaboration with network operator Liander to create a new high-voltage substation. This will provide Schiphol with more capacity on the grid and will contribute to making the terminal more sustainable.

The Minister for Nature and Nitrogen Policy granted Schiphol Airport a nature permit. Schiphol now has a permit for 440,000 to a maximum of 500,000 flights. Schiphol requested the permit on 1 October 2020 and that request has been added to several times since then.

The Dutch government has suspended the Experimental Ruling. Schiphol is disappointed by this, as it is time that hindrance for local residents is noticeably reduced. Reducing the number of flights is not a goal in itself, but the Experimental Ruling did provide clarity and certainty for local residents.

Industry association Airports Council International (ACI) has awarded the highest level for airport sustainability to Amsterdam Airport Schiphol, Eindhoven Airport and Rotterdam The Hague Airport. The three Royal Schiphol Group airports are among the first ten airports worldwide to reach this level. To be eligible for this ACI accreditation, airports must have reduced their own CO2 emissions in 2022 by 90% or more compared to 2010.

Quality of Work

Schiphol has continued its efforts to improve the working conditions of people working at the airport.

Schiphol and the six baggage handlers at the airport – KLM, Aviapartner, dnata, Menzies, Swissport and Viggo – joined forces to make the work in the baggage halls lighter. The parties have submitted a joint action plan to the Labour Inspection. The point of the plan is to reduce the physical workload for employees as much as possible, with the help of new technologies. Examples of actions Schiphol has taken are:

- A robot that has been developed for lifting suitcases at Schiphol and new lifting aids that help employees moving suitcases. Both innovations have been purchased and other solutions will be tested.
- After a successful pilot project, Schiphol has decided to buy 19 baggage robots and to fast-track the use of baggage robots. The robots take over from humans the physically heavy element of baggage: lifting the suitcases. In addition, Schiphol will acquire a 10% stake in Cobot Lift early 2024, the company that makes the robots, in order to ensure a swift roll out and scaling up at Schiphol.
- Schiphol invests in 30 new lifting aids, that has been specially developed to easily and quickly unload the baggage of transfer passengers, but can also be used for arriving passengers' baggage.
- Three new lifting aids are tested: the Turnable CLS, the e-CLS and the e-CLS Launcher. Schiphol has placed a first order for 80 pieces of equipment to ensure rapid rollout.
- Delft University of Technology researchers are launching a study on a new way of working at Schiphol's baggage handling halls. The study aims to help the aviation industry make the work in baggage handling halls lighter.

Schiphol took measures to reduce emissions from diesel and aircraft engines and is creating a complete package of measures to minimise employee exposure. Such measures include replacing all diesel-powered equipment on airside, removing the source of emissions at the apron, increasing the distance between the source of emissions and employees, such as adjusting departure procedures and providing face masks, and experimental research into cleaning the air on the apron and improving air quality. Concrete examples are:

- Schiphol submitted an action plan, incorporating input from partners at the airport, to the Human Environment and Transport Inspectorate (ILT) aimed at reducing the use of auxiliary power units (APU) by aircraft parked on the apron. Schiphol views reducing APU use as a priority in light of the tangible improvement this makes to healthy working conditions for apron workers. It also contributes to reducing CO2 emissions from aviation as a whole.
- Fuel generators at Schiphol are being replaced by 30 new electric Ground Power Units (e-GPUs), and the use of more electric systems that provide fresh air on board (PCAs) are being introduced.
- Schiphol conducted two pilots to reduce ultrafine particles on the apron, by the use of water drops and innovative device to filter air.

Schiphol, FNV and CNV agreed on a follow-up to the social agreement for employees at the airport. With this agreement, Schiphol remains an attractive place to work and the quality of work is being further improved.

Labour market region Greater Amsterdam and Royal Schiphol Group continued their successful partnership to help job seekers find work at the airport. The collaboration is being extended to 2026 and focuses primarily on jobs for people with a background in practical education, such as in catering, retail, baggage handling, security, cleaning and logistics.

Quality of Service

Passengers rated Amsterdam Airport Schiphol's website and digital services as the world's best. This is according to Skytrax's annual customer satisfaction survey of 550 airports worldwide. Schiphol received the 'Skytrax Award for World's Best Airport Website & Digital Services' at the World Airport Awards 2023 for the second year in a row.

Since April, passengers were able to reserve time slots, free of charge, for the security check at Schiphol. At first, these pre-booked time slots were only available to passengers flying to a destination within the Schengen Zone. Since July, all passengers have been able to use this service for both Schengen and non-Schengen destinations. More than one million time slots have been reserved in 2023.

The 2023 May holiday, which was an important test for the summer holiday period, passed smoothly without any significant operational disruptions and with only minor capacity regulations in place. As of 15 May, all capacity restraints were lifted and Schiphol is operating at full capacity, facilitating 100% demand for air travel.

During the summer holidays there were satisfied passengers and short waiting times at the security check. 95% of the departing passengers went through the security check within 8 minutes. The average waiting time at security control was 3 minutes, reflecting the higher number of security staff. A media campaign also took place, showing passengers how best to prepare themselves for security check.

Bubbles Seafood & Wine Bar opened its doors at a new location at the airport. The well-known concept by HMSHost Nederland can now be found in Lounge 2. In this luxury restaurant, passengers can enjoy a menu filled with exclusive products such as oysters and champagne. In the coming years, Schiphol will further improve the quality of Lounge 2. New shops of various luxury (fashion) brands will be opened and there will be invested in various modern and sustainable catering concepts.

Schiphol infrastructure and runway maintenance

Schiphol announced the renewal, renovation and innovation of the baggage basements. This includes preparations for the construction of a new baggage basement with an innovative handling system, which will ensure operational continuity for passengers and airlines and helps to further improve the working conditions of baggage employees. Construction is expected to begin in 2026.

Schiphol started building the Netherlands' largest car rental location, accommodating around 2,500 vehicles. The five largest car rental companies at Schiphol are coming together under one roof. With this facility, Schiphol is encouraging car rental companies to make the transition to electric vehicles.

Schiphol announced it will prioritise quality at the airport in its investments over the coming years, to catch up on needed maintenance and upgrades. Important parts of the airport infrastructure – including Pier C, the baggage basement, climate-control systems, walkways, aircraft stands and taxiways – are due to undergo major maintenance or need renewing. This is needed in order to ensure the high quality level that Schiphol wants to offer employees, passengers and airlines and which can be expected.

Schiphol has opened its own concrete recycling facility. Concrete from renovation and maintenance projects is crushed to make new concrete or foundation material, to be reused in construction projects at the airport. This circular solution contributes to Schiphol's goal of becoming a waste-free airport by 2030.

From Monday 2 January to early May, the Zwanenburgbaan runway was not available to air traffic, due to major maintenance works that need to be done every 40 to 60 years. The runway asphalt – with a surface area equal to 86 football pitches – was completely renewed. During this process, 60% of the asphalt was reused. Schiphol also renewed 12,000 square metres of markings on the runway and replaced 6 kilometres of guttering and drains on and around the runway. The runway lighting and corresponding electric cables were replaced by a more sustainable and more reliable LED lighting system.

On other runways annual maintenance works were carried out ensuring the runways remain in good condition: Aalsmeerbaan Runway (22 until 31 May), Buitenveldertbaan Runway (3 until 11 July), Kaagbaan Runway (4 until 12 September), Schiphol-Oostbaan runway (18 September until 1 October), Polderbaan Runway (6 until 15 November). The runways underwent restorative works on the asphalt and markings. In addition, the cabling and electrics were checked, lights cleaned or repaired, and the grass around the runway was cut. The rainwater drainage system was also inspected, flushed out and repaired if necessary.

Appointments and organization

As of 1 February, Royal Schiphol Group (RSG) changed the management structure towards more effective leadership. The Management Board has been transformed into a broader Executive Team that is responsible for managing the company. The Executive Team of Royal Schiphol Group consists of Ruud Sondag (CEO), Robert Carsouw (CFO), Patricia Vitalis (Operations), Sybren Hahn (Asset Management), Arthur Reijnhart (Commercial) and Esmé Valk (HR). COO Hanne Buis left Royal Schiphol Group on 1 February.

As of 1 February 2023, Lennert l'Amie is Director IT&Data at Royal Schiphol Group. He succeeded Sjoerd Blüm.

Esther Bosch was appointed as the new Director Risk & Audit at Royal Schiphol Group, per 1 April 2023. She succeeded Ridder Ralph van der Hoff, who has held the position on an interim basis since 1 September 2022.

Medy van der Laan and Chris Figee have been appointed as Supervisory Board members of Royal Schiphol Group. Royal Schiphol Group shareholders voted on this during the shareholder meeting on 11 April. Both board members have been appointed for a period of four years. After two terms on the Supervisory Board, Mikael Olsson stepped down from his position. Robert Jan van de Kraats has been reappointed as Supervisory Board member for a third term of one year to ensure a smooth handover.

As of 1 June 2023, Baukje Dreimüller is the Director of Corporate Legal at Royal Schiphol Group. She succeeded Anne Hustinx, who combined this role with her position as Director of Procurement & Contracting.

In June, Wilma van Dijk, CEO of Rotterdam The Hague Airport, was elected to the ACI Europe Board at the ACI World Assembly in Barcelona. She will represent the West 2 sub-region, comprising Andorra, Belgium, France, Luxembourg, Monaco and the Netherlands.

Ruud Sondag was requested by the Supervisory Board's to remain interim CEO of Royal Schiphol Group until 1 March 2024 at the latest. Pieter van Oord will succeed him as CEO of Royal Schiphol Group, as of 1 June 2024. The Supervisory Board intends to appoint him until 1 June 2028. In the period 1 March to 1 June 2024, the CFO Robert Carsouw will be the interim CEO.

As of 1 December 2023, Ron Fennema is the new Director Procurement & Contracting at Royal Schiphol Group. Fennema succeeded Anne Hustinx, who left Schiphol.

Credit ratings

In August 2023, S&P announced a credit rating upgrade for Schiphol Group, changing the long-term credit rating to A flat. The upgrade was triggered by the expectation that Schiphol Group will deleverage faster than anticipated over 2023-2025. S&P also cited debt reduction efforts, including the voluntary 380 million euros notional debt repayment in May 2023.

The rating by S&P was upgraded from 'A-' with a stable outlook to 'A' with a stable outlook. Following the upgrade, the rating at S&P is now at par with the rating of Moody's (A2 with a stable outlook) and compliant with Royal Schiphol Group's financial policy of maintaining at least an A flat credit rating.

Principal risks and risk management

As a result of its vital role in Dutch infrastructure to connecting the Netherlands and to ensure Royal Schiphol Group is a safe, secure as well a financially robust business, our company is subject to a range of strategic, operational, financial and compliance risks. Risk management is an integral part of our business. The 2023 Annual Report describes Schiphol Group's risk management policy and the most important risks facing Schiphol Group.

Our risk exposure has decreased slightly compared to 2022, mainly as a result of the improvement actions taken in 2023 for a variety of topics such as the improvement of our labor conditions, investments into our infrastructure and the 8-points plan to make Schiphol Quieter, Cleaner and Better. Several risks still exceed our risk appetite and the outlook for 2024 is not expected to change significantly as risks continue to emerge, political decision making is volatile and designing and implementing mitigating actions take time to materialize.

2023 was a year without major disrupting events and no high impact risks materialized. Schiphol attractiveness improved, quality of work risks reduced and Schiphol became organization more robust and financially healthy.

As part of the company's regular risk management assessment, our risks have been evaluated at year-end. The outcome of the risk assessment has led to small changes to our Risk Categories. These principal risk categories are: - Quality of Network - Quality of Life - Quality of Airport Service - Business Continuity - IT & Data Availability & Reliability - Safety & Security - Quality of Work - Regulation & Compliance - Finance & Value Management - Portfolio Delivery - Organisation.

The yearly risk evaluation highlights the following key risks:

- The social and political debate around the number of Air Traffic Movements impacting our mid- and long term airport planning
- The balance between the quality of life in the surrounding area and Amsterdam Airport Schiphol by executing the 8-point plan
- The challenging sustainability targets by executing our roadmap for the Most Sustainable Airport
- Improving Schiphol's attractiveness through sufficient staffing of our airport services
- The quality of work and the impact of emissions and working conditions
- The close alignment and cooperation with our neighbors, (sector) partners, customers, suppliers and other stakeholders
- The state of the assets and the chance an asset failure can cause a major disruption
- The realization of a large investment portfolio aiming to improve our infrastructure and to catch up with the asset maintenance backlog

- The effectiveness of our operating model to better secure our supply chain in terms of availability of people, suppliers (capacity) and materials, improving our quality of work and improving our airport services.

The identified key risks are supported by action plans to mitigate these risks and support further reduction of these risks, hence exposures for Schiphol. Also, compliance risk remain high on management agenda as laws and regulations are subject to change and new (EU) legislation emerge. However, due to the nature of its activities, Schiphol faces a variety of financial risks, including market risks, counterparty risks, liquidity risks and tax risks. In addition, the geopolitical uncertainties, extreme weather conditions, terrorist attacks, cyber-attacks and other major disruptions could potentially impact the continuity of our operations and potentially impact our performance.

For reference purposes, certain specific financial risks are noted in the section on the management of financial risks and financial instruments.

This press release may contain information that qualifies as inside information about Royal Schiphol Group within the meaning of Article 7(1) of the Market Abuse Regulation (596/2014/EU).

Marije Sotthewes, Senior Manager Finance Operations & Reporting

Schiphol, 16 February 2024

Note for editors and investors:

- Royal Schiphol Group also provides access to the 2023 Annual Report via <https://www.schiphol.nl/en/schiphol-group/page/financial-information/>

Royal Schiphol Group 2023 condensed consolidated financial statements

Condensed consolidated statement of income for the year ended 31 December 2023

(in thousands of euros)

	2023	2022
Revenue	1,851,973	1,490,591
Other results from investment property	-150,595	-191,632
Cost of outsourced work and other external costs	1,061,063	877,859
Employee benefits	290,290	241,616
Depreciation, amortisation and impairment	344,147	331,025
Total operating expenses	1,695,500	1,450,500
Operating result	5,878	-151,541
Financial income	88,624	149,872
Financial expenses	-86,297	-166,258
Financial income and expenses	2,327	-16,386
Share of result of associates and joint ventures	22,726	32,509
Result before tax	30,931	-135,418
Income tax expense	-8,873	58,124
Result for the year	22,058	-77,294
Attributable to:		
Non-controlling interests	9,352	8,962
Shareholders (net result)	12,706	-86,256
Basic earnings per share (in euros)	74	-509

Consolidated statement of comprehensive income for the year ended 31 December 2023

(in thousands of euros)

	2023	2022
Result for the year	22,058	-77,294
Foreign currency translation differences	-11,425	-817
Changes in fair value on hedge transactions	-6,922	26,223
Share of OCI of associates after taxes	-4,230	21,528
Other comprehensive income, net of tax, to be reclassified to profit or loss in subsequent periods:	-22,577	46,934
Remeasurements of defined benefit liability	-4,088	5,409
Share of OCI of associates after taxes	-	-
Other comprehensive income, net of tax, not to be reclassified to profit or loss in subsequent periods:	-4,088	5,409
Other comprehensive income for the year	-26,665	52,343
Total comprehensive income for the year	-4,607	-24,951
Attributable to:		
Non-controlling interests	9,352	8,962
Shareholders (net result)	-13,959	-33,913

Consolidated statement of financial position as at 31 December 2023

Assets

(in thousands of euros)

31 december 2023

31 december 2022

Intangible assets	159,477	131,259
Assets used for operating activities	3,419,114	3,443,513
Assets under construction or development	1,602,756	1,305,383
Investment property	1,598,538	1,699,706
Deferred tax assets	325,162	329,595
Investments in associates and joint ventures	485,597	492,328
Loans to associates	113,141	136,159
Other non-current receivables	19,304	46,635
Non-current assets	7,723,089	7,584,578
Trade and other receivables	745,657	968,346
Current income tax assets	755	-
Cash and cash equivalents	784,743	1,050,846
Current assets	1,531,155	2,019,192
Total assets	9,254,244	9,603,770

Equity and liabilities

(in thousands of euros)

31 december 2023**31 december 2022**

Issued share capital	84,511	84,511
Share premium	362,811	362,811
Retained profits	3,429,676	3,416,970
Other reserves	-23,229	3,436
Treasury shares	-420,320	-420,320
Equity attributable to owners of the company	3,433,449	3,447,408
Non-controlling interests	65,086	58,478
Total equity	3,498,535	3,505,886
Borrowings	4,613,163	5,319,296
Employee benefits	44,827	41,451
Provisions	23,387	29,161
Deferred tax liabilities	13,362	13,739
Other non-current liabilities	99,213	103,363
Non-current liabilities	4,793,952	5,507,010
Borrowings	306,135	30,912
Current income tax liabilities	924	8,626
Provisions	15,222	19,924
Trade and other payables	639,475	531,412
Current liabilities	961,756	590,874
Total liabilities	5,755,709	6,097,884
Total equity and liabilities	9,254,244	9,603,770

Condensed consolidated statement of changes in equity for the year ended 31 December 2023

(in thousands of euros)	Attributable to shareholders						Non controlling interests	Total
	Issued share capital	Share Premium	Retained profits	Other reserves	Treasury shares			
Balance at 1 January 2022	84,511	362,811	3,082,906	-48,907	-	49,516	3,530,837	
Profit for the year	-	-	-86,256	-	-	8,962	-77,294	
Other comprehensive income	-	-	-	52,343	-	-	52,343	
Comprehensive income for the year	-	-	-86,256	52,343	-	8,962	-24,951	
Acquisition of treasury shares	-	-	420,320	-	-420,320	-	-	
Payments of dividends	-	-	-	-	-	-	-	
Balance at 31 December 2022	84,511	362,811	3,416,970	3,436	-420,320	58,478	3,505,886	
Result for the year	-	-	12,706	-	-	9,352	22,058	
Other comprehensive income	-	-	-	-26,665	-	-	-26,665	
Comprehensive income for the year	-	-	12,706	-26,665	-	9,352	-4,607	
Payments of dividends	-	-	-	-	-	-2,744	-2,744	
Other	-	-	-	-	-	-	-	
Balance at 31 December 2023	84,511	362,811	3,429,676	-23,229	-420,320	65,086	3,498,535	

	Dividend for 2022, paid in 2023	Dividend for 2021, paid in 2022
Dividend attributable to shareholders (in euros)	-	-
Average number of shares in issue during the year	171,255¹	186,147
Dividend per share (in euros)	-	-

1 Groupe ADP held 8% of RSG shares. The shares were bought back from ADP due to the expiration of the Hublink agreement. The shares are classified as treasury shares.

No dividends are distributed for the financial years of 2022 and 2021 and it is expected that there will be no dividend payments for 2023.

Consolidated statement of cash flows for the year ended 31 December 2023

(in thousands of euros)

	2023	2022
Cash flow from operations	538,372	442,981
Paid and received income tax, interest and dividends received	<u>-49,701</u>	<u>-89,675</u>
Cash flow from operating activities	488,671	353,306
Cash flow from investing activities	<u>-349,137</u>	215,920
Free cash flow	139,534	569,226
Cash flow from financing activities	<u>-405,574</u>	-438,005
Net cash flow	-266,040	131,222
Cash and cash equivalents at the beginning of the year	1,050,846	919,760
Net cash flow	-266,040	131,222
Exchange and translation differences	<u>-63</u>	-135
Cash and cash equivalents at the end of the year	784,743	1,050,846