

Schiphol closes a poor 2022

Today, 17 February 2023, Royal Schiphol Group publishes poor financial results for 2022. The underlying financial result of Schiphol Group amounted to a loss of 28 million euros despite a strong recovery in traffic. Upscaling issues have overshadowed the operational performance of Schiphol. To support recovery from the operational issues, Schiphol incurred extra costs of approximately 120 million euros.

Amsterdam Airport Schiphol connected the Netherlands to 313 direct destinations (2021: 296), 129 of which were intercontinental. Schiphol held Europe's top spot for direct connectivity, as shown by the ACI connectivity report 2022. Globally, Schiphol was the third best connected hub airport in the world.

Ruud Sondag, CEO of Royal Schiphol Group: "Never before in Schiphol's history have we disappointed so many travellers and airlines as in 2022. Our efforts and hard work did not lead to the necessary improvements in the system and, as a result, we were not able to provide the service we wanted. 2022 will therefore go down as a bad chapter in our own history books. But it is also a chapter we will not forget, so that all new chapters we write will be better. We are working hard on this, and in 2022 we started to implement structural improvements. Because we have to do better. And I am convinced that we can."

Traffic

There were 397,646 air transport movements at Amsterdam Airport Schiphol. That's a 49% increase relative to 2021. Cargo volumes at Amsterdam Airport Schiphol declined by 14% to 1.44 million tonnes. There were 18,340 cargo-only flights. That represents a 24% decline compared to 2021.

Air transport movements

	Amsterdam Airport		Rotterdam The Hague	Total
	Schiphol	Eindhoven Airport	Airport	
2022	397,646	40,252	15,772	454,002
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 110% to 60.8 million (2021: 28.9 million).

Passengers (in millions)

	Amsterdam Airport		Rotterdam The Hague	
	Schiphol	Eindhoven Airport	Airport	Total
2022	52.5	6.3	2.1	60.8
2021	25.5	2.7	0.8	28.9
2020	20.9	2.1	0.5	23.5
2019	71.7	6.7	2.1	80.5

Financials

The underlying net result for 2022 is a 28 million euros loss (2021: a loss of 287 million euros). Revenue increased by 82.7% to 1,491 million euros (2021: 816 million euros).

Underlying results

<i>EUR million</i>	2022	2021	2020
Revenue	1,491	816	688
Underlying EBITDA	361	-	-206
Underlying Operating Result	30	-299	-506
Underlying result attributable to shareholders	-28	-287	-521
Underlying result	-19	-288	-526
Result attributable to shareholders	-86	105	-419
Result for the year	-77	104	-424

Outlook for 2023

During 2022, Schiphol Group has seen a strong recovery in passenger numbers from the COVID-19 pandemic. Full traffic recovery towards prepandemic levels remains uncertain and is subject to development of COVID-19 and corresponding travel restrictions, operational constraints to cope with the strong pick-up in demand, and - in the medium term - the announcement by the Dutch Government to cap the number of flight movements at Amsterdam Airport Schiphol to 440,000 as November 2024.

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Key figures

EUR million unless stated otherwise	2022	2021	%
Revenue	1,491	816	82.7
Other results from investment property	-	-	
Operating expenses (excluding depreciation, amortisation and impairment)	1,130	816	38.5
Underlying EBITDA¹	361	-	100.0
Depreciation, amortisation and impairment	331	299	10.7
Underlying operating result	30	-299	>100
Financial income and expenses	-78	-92	15.2
Share in results of associates and joint ventures	18	-2	>100
Underlying result before tax	-30	-392	92.3
Corporate income tax	11	104	-89.4
Underlying result for the year	-19	-288	93.4
Attributable to non-controlling interests	9	-1	>100
Underlying result for the year attributable to shareholders	-28	-287²	90.2
<i>Adjustments for:</i>			
NOW government grants	11	84	
Other results from investment property (including the share of results of associates and joint ventures)	-172	69	
Impairment (share in results of associates and joint ventures)	-10	-	
Other results from financial assets	135	252	
Other results from financial liabilities	-74	25	
Tax impact (including the share of results of associates and joint ventures)	52	-38	
Total adjustments	-58	392	
Result for the year	-77	104	>-100
Attributable to non-controlling interests	9	-1	>100
Net result attributable to shareholders	-86	105	>-100
Total equity	3,506	3,531	-0.7
Investments in intangible and tangible assets	444	450	-1.3
Cash flow from operating activities	353	-79	>100
Proposed dividend	-	-	-
Underlying return on equity (ROE) ³	-0.8%	-8.3%	
Net Leverage (underlying EBITDA) ⁴	10.05	n.m	
FFO / net debt ⁵	7.4%	-0.6%	
FFO interest coverage ratio ⁶	4.47	0.71	

EUR million unless stated otherwise	2022	2021	%
Solvency ⁷	35.9%	35.2%	
Earnings per share (in EUR) ⁸	-509	562	
Dividend per share (in EUR)	-	-	
Business volume (in numbers)			
Air transport movements ⁹	454,002	295,026	53.9
Passenger movements (x 1,000) ⁹	60,823	28,900	110.5
Cargo (x 1,000 tonnes) ¹⁰	1,438	1,670	-13.9
Employees in full-time equivalents (average) ¹¹	2,487¹²	2,474	0.5

1 EBITDA: Earnings before interest, tax, depreciation and amortisation.

2 Includes fair value gains / losses of international activities. Like-for-like comparison with 2022, underlying loss of 309 million euros.

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

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

*Cash and cash equivalents includes deposits > 3 months.

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

*Cash and cash equivalents includes deposits > 3 months.

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

7 Total equity attributable to owners / Total assets.

8 Based on net result attributable to shareholders and number of weighted-average shares.

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

10 Amsterdam Airport Schiphol only.

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

12 The average active workforce is 2,478 (2021: 2,350). On average, 8 employees are included in the reported workforce in full-time equivalents. These employees are part of the Schiphol workforce during 2022, but are non-active as a result of Project Reset.

Financial performance

In 2022, Royal Schiphol Group's underlying net result amounted to a loss of 28 million euros compared with a loss of 287 million euros in 2021. This was mainly due to the recovery from the impact of COVID-19 on the business and the aviation industry. In addition, airport charges at Amsterdam Airport Schiphol increased by 9% from 1 April 2022, yet additional costs were incurred due to the operational challenges experienced during 2022.

A fair value gain of 135 million euros on the Asset held for sale (investment (shares) in Groupe ADP) as a result of the remeasurement and disposal of the financial asset was recognised as financial income in 2022. Financial expenses amounting to 74 million euros in 2022 were recognised due to the remeasurement of the Financial liability - Share buyback obligation. The liability was settled in December 2022. Market developments in the real estate sector worsened, which led to a material decrease in the fair value of Schiphol's real estate portfolio and, as such, a loss on other results from investment property of 192 million euros (compared with a gain of 69 million euros in 2021). Positive market developments were experienced at Schiphol's international investments in Brisbane and Hobart Airports, which resulted in a fair value gain of 20 million euros for 2022. Furthermore, Schiphol Group has recognised the NOW government grants (Noodmaatregel Overbrugging Werkgelegenheid; temporary governmental compensation for labour costs) for the amount of 11 million euros compared with 84 million euros for 2021. An impairment of 10 million euros was recognised in 2022 with respect to one of Schiphol's joint ventures.

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.

These adjustments, including the results of the investment property (mainly non-cash fair value gains), fair value gain on financial assets (ADP), remeasurement of the share buyback liability (financial liability) and several other one-off results (including the NOW government grants and impairments), resulted in a negative net result attributable to shareholders of 86 million euros in 2022 (2021: positive net result of 105 million euros).

Revenue

EUR million	2022	2021	%
Airport charges	901	409	120.3
Concessions	162	85	90.6
Rent and leases	193	171	12.9
Parking fees	125	66	89.4
Advertising	13	9	44.4
Services and activities on behalf of third parties	19	19	-
Other	78	56	39.3
Net Revenue	1,491	816	82.7

Revenue increased significantly by 675 million euros (83%), rising from 816 million euros in 2021 to 1,491 million euros in 2022. Higher revenue was mainly driven by an increase in passenger numbers and ATMs. The total number of passengers using Schiphol Group's airports increased by 110% to 60.8 million (2021: 28.9 million).

Revenue from airport charges at Amsterdam Airport Schiphol, Eindhoven Airport and Rotterdam The Hague Airport increased by 120% in 2022 to 901 million euros. This result was mainly driven by an increase in the number of passengers and air traffic movements. The increase in airport charges was partly also due to an increase in airport charges per passenger at Amsterdam Airport Schiphol effective as of April 2022.

At Amsterdam Airport Schiphol, passenger numbers were up by 106% to 52.5 million (2021: 25.5 million), while the number of air traffic movements also increased by 49% to 397,646 (2021: 266,967). Cargo volumes decreased by 14% compared with 2021 to 1.44 million tonnes (2021: 1.67 million tonnes). Revenue from airport charges at Amsterdam Airport Schiphol improved by 445 million euros to 821 million euros (2021: 376 million euros).

Passenger numbers at Eindhoven Airport increased significantly by 135% to 6.3 million in 2022 (2021: 2.7 million), and the number of air traffic movements also increased by 85% compared with 2021 to 40,252 (2021: 21,704). As a result, revenue from airport charges increased by 127% to 49.5 million euros (2021: 21.8 million euros).

At Rotterdam The Hague Airport, the number of passengers served rose by 175% to 2.1 million in 2022, and the number of ATMs increased by 9,417 to 15,772. These positive developments led to an increase in airport charges at Rotterdam The Hague Airport of 19.1 to 30.0 million euros (2021: 10.9 million euros).

Revenue generated by Schiphol Group through concessions increased by 90.6% to 162 million euros in 2022 (2021: 85 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 the number of shops that are open again. As a result of the COVID-19 lockdown in 2021, many shops were closed for a period of time. This extended into January 2022. The opening hours of the shops are impacted by the lack of staff due to labour shortages in the market. The average spend per passenger on retail airside at Amsterdam Airport Schiphol decreased from 14.02 euros to 12.67 euros, food and beverage spending per departing passenger increased from 5.97 euros to 6.17 euros. The retail airside spend was negatively impacted by long security waiting times, resulting in less dwell time. Due to staff shortages, shops were closed and changed Passenger profiles had a

negative impact on retail spending. For food and beverages, the long waiting time at security had a positive impact as passengers arrived earlier at the airport.

Revenue from rents and leases increased slightly by 13% from 171 million euros in 2021 to 193 million euros in 2022. This is primarily caused by higher services charges (relating to electricity and gas charges) in 2022 compared with 2021. The increase in revenue had a limited impact on the EBITDA performance (only the service costs for vacant space impacted performance). The average occupancy rate of Schiphol's total real estate portfolio in 2022 was 94.4%, which is in line with the average occupancy rate of 94.3% during the same period last year. The slightly higher occupancy rate is mainly due to a new rental contract in the logistics portfolio.

Total parking revenue increased by 89% to 125 million euros in 2022 (2021: 66 million euros). Parking revenue at Amsterdam Airport Schiphol increased by 45 million euros to 103 million euros. This is attributable to an increase in the number of passengers (approximately 106%) at Schiphol. Staff parking saw an increase of 9.1% due to the recovery of the number of subscriptions. A similar development was seen at Eindhoven Airport and Rotterdam The Hague Airport. The rise in passenger numbers at Eindhoven Airport and Rotterdam The Hague Airport also resulted in an increase in parking revenues of 15 million euros compared with 2021.

Revenue from other activities increased by 39% to 78 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	2022	2021	%
Outsourcing and other external costs	684	454	50.7
Employee benefits	252	213	18.3
Security	194	149	30.2
Underlying operating expenses (excl. Depreciation, amortisation and impairment)	1,130	816	38.5

The underlying operating expenses increased by 314 million euros in 2022 from 816 million euros to 1,130 million euros. The increase in operating expenses was driven by both higher activity levels and traffic at Schiphol Group's airports as well as higher spending to address with the operational challenges.

Costs of outsourced work and other external charges increased from 454 million euros to 684 million euros, mainly caused by increased operational costs due to higher traffic numbers and the recovery from the COVID-19 pandemic in operations. Additional costs were incurred for the external workforce during 2022 due to the temporary filling of vacancies as the result of the pause on internal hiring during the reorganisation (Project Reset) in 2021. An increase in costs was also incurred for PRM and other services due to an increase in passenger numbers. Costs relating to the social agreement concerning all employees in security, cleaning, PRM, ground handling (check-in, luggage and platform) and private bus transport were incurred in 2022 which were not incurred for 2021. Schiphol incurred further costs in settling passenger claims received from passengers who were at the airport on time but missed their flight due to an exceptional waiting time at security control.

The costs of maintenance activities (included as part of costs of outsourced work and other external charges) increased by 22 million euros in 2022 to 148 million euros (2021: 126 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.

The cost of employee benefits increased by 39 million euros in 2022 to 252 million euros compared with 2021 (213 million euros). This is mainly the result of an increase in the active workforce (and costs) of Schiphol. In 2021, the decrease in FTEs due to the reorganisation (Project Reset) had an impact on the reduction of employee benefits. The NOW government grant decreased from 84 million euros in 2021 to 11 million euros in 2022.

The costs of security (included as part of the costs of outsourced work and other external charges) were 45 million euros higher in 2022 (194 million euros compared with 149 million euros the year before). The return of passengers put more pressure on the security services, who, in turn, have faced staff shortages. In order to reduce the staff shortages across the wider Schiphol operational ecosystem, a social package was agreed on, which resulted in increased costs for 2022.

Underlying depreciation, amortisation and impairment

Depreciation, amortisation and impairment was 32 million higher in 2022 due to new assets that were taken into operation in 2021.

Underlying operating result

EUR million	2022	2021	%
Aviation	-199	-405	50.9
Schiphol Commercial	221	127	74.0
Alliances & Participations	8	-21	>100
Underlying operating result	30	-299	>100

The underlying operating result improved in 2022, generating a positive result of 30 million euros compared with a loss of 299 million euros in 2021.

The underlying operating result from Aviation increased by 206 million euros, resulting in an operating loss of 199 million euros in 2022 compared with a loss of 405 million euros in 2021. This is attributable to an increase in the number of passengers and ATMs as well as an increase in airport charges of 9% at Amsterdam Airport Schiphol from 1 April 2022.

The underlying operating result of Schiphol Commercial increased in 2022, from 127 million euros to 221 million euros. This was the result of an increase in revenue in all areas, due to an increase in passenger numbers compared with 2021.

The underlying operating result for Alliances & Participations increased by 29 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 2022 amounts to 78 million euros and is in line with expectations given the debt portfolio (2021: 92 million euros).

Net financial income and expenses decreased by 201 million euros to negative 16 million euros for 2022 (2021: 185 million euros income). This is mostly due to a lower fair value gain in 2022 of 135 million euros on the remeasurement and loss on disposal of the asset held for sale (investment (shares) in ADP) in terms of IFRS 9. In 2021, a fair value gain of 252 million euros was recognised. In addition, it includes the financial expense impact of the remeasurement of the financial liability - share buyback obligation of 74 million euros (2021: 25 million euros).

Share in results of associates and joint ventures

EUR million	2022	2021	%
Groupe ADP	-	-16	-100.0
Brisbane Airport Corporation Holdings	12	9	33.3
Hobart International Airport (TGHC)	2	-4	>100
Other results of associates	4	10	-60.0
Underlying result of share in results of associates and joint ventures	18	-2	>100
<i>Adjustments for:</i>			
Other results from investment property	20	-	
Impairment (share in results of associates and joint ventures)	-10	-	
Tax impact (including the share of results of associates and joint ventures)	5	-	
Total adjustments	15	-	
Result of associates and joint ventures	33	-2	>100

The underlying share in the results of associates and joint ventures increased by 20 million euros, leading to a positive result of 18 million euros in 2022 (2021: 2 million euros negative). 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. The international airports were also heavily impacted by the travel restrictions and border closures due to COVID-19, though passenger numbers increased in 2022. Taking into account the adjustments relating to the significant fair value gains on the investment property portfolio of 20 million euros of both Brisbane Airport and Hobart Airport in 2022 and an adjustment of 5 million euros on the deferred tax position for Hobart Airport, the share in results of associates and joint ventures increased by 35 million euros to 33 million euros as at 31 December 2022. Favourable market and economic factors resulted in significant increases in investment property values. An impairment loss of 10 million euros was recognised in 2022 with respect to one of Schiphol's joint ventures.

Due to the expiration of the HubLink agreement between Schiphol and Groupe ADP, the investment in associate in Groupe ADP was reclassified from an investment in associate to an asset held for sale during July 2021. Therefore, no result from Groupe ADP was recognised in 2022, compared with 2021.

Underlying corporate income tax

The underlying corporate income tax amounted to 11 million euros in 2022 compared with 104 million euros in 2021. This excludes the tax impact of the taxable adjustments with a total impact of 52 million euros for 2022 (38 million euros for 2021).

Underlying net result

As a result of the developments outlined above, the underlying net result for 2022 increased by 259 million euros to 28 million euros loss (2021: 287 million euros loss). The underlying return on equity amounted to 0.8% negative in 2022 (2021: 8.3% negative).

Net result

These adjustments, including the results of the investment property (mainly non-cash fair value gains), fair value gain on financial assets (ADP), remeasurement finance costs on the finance liability - share buyback and several other one-off results (including NOW government grants), the net result attributable to shareholders for 2022 amounted to a negative result of 86 million euros (2021: positive result of 105 million euros). The return on equity amounted to 2.5% negative in 2022 (2021: 3.0% positive).

NOW government grant contributions

Schiphol applied for NOW government grant contributions for the amount of 11 million euros in 2022 (2021: 84 million euros), a portion of which Schiphol Group already received in advanced payments.

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 192 million euros in 2022 (2021: gain of 69 million euros). The Net Initial Yield (NIY) rose substantially in the office market 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 120 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 26 million euros. The performance on the Italian logistic real estate market was more favourable, which led to a fair value gain of 2 million euros. Fair value losses of 35 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 decreased by 201 million euros to negative 16 million euros for 2022 (2021: 185 million euros income). This is mostly due to the fair value gain of 135 million euros on the remeasurement and loss on disposal of the asset held for sale (investment (shares) in ADP) in terms of IFRS 9. In 2021, a fair value gain of 252 million euros was recognised. In addition, it includes the financial expense impact of the remeasurement of the financial liability - share buyback obligation of 74 million euros (2021: 25 million euros). 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 58 million euros income in 2022 compared with 66 million euros in 2021. The negative results (excluding the impact of the fair value gain of 135 million euros and finance costs of 74 million euros as this is non-taxable due to the participation exemption) provide us with a tax benefit, as the losses can be compensated by future benefits. For 2022, the effective tax rate was lower than the domestic income tax rate of 25.8%. The lower tax burden was mainly attributable to the application of the participation exemption to the results (and fair value gain) of associates and joint ventures. The effective tax rate for the 2022 financial year was positive 42.9%.

Balance sheet and cash flow developments

The balance sheet total as at 31 December 2022 amounted to 9,604 million euros. This figure decreased by 287 million euros compared with 31 December 2021 (9,891 million euros). Total equity decreased by 25 million euros to 3,506 million euros, largely due to the accumulated 2022 financial year loss of 77 million euros as well as the other comprehensive income of 52 million euros. No dividends were paid during 2021 and no dividends are expected to be paid over 2022.

Non-current assets increased by 72 million euros to 7,585 million euros as at 31 December 2022. The increase was mainly due to Assets under construction or development which increased by 122 million euros, largely due to the investments in fixed assets listed below, offset by assets which were commissioned during 2022. Within investment property, fair value losses of 192 million euros are included resulting in a significant decrease of 123 million euros in the balance. The deferred tax asset includes an additional amount of 63 million euros mostly related to the assessed losses for 2022.

Current assets decreased by 359 million euros compared with 2021, largely as a result of the disposal of the Asset held for sale (shares in Groupe ADP). Cash and cash equivalents increased by 131 million euros, which was mainly due to an increase in bank deposits as a result of the above-mentioned disposal. As at 31 December 2022, Schiphol Group held 1,051 million euros in cash and 680 million euros in bank deposits, of which Schiphol has invested 642 million euros in money market funds. The cash was generated from the disposal of the shares (investment) held in Groupe ADP. Nine million euros was repaid on loans from the European Investment Bank.

Non-current liabilities includes the settlement of the share buyback obligation (346 million euros in 2021). This is related to the obligation for Schiphol to purchase its own equity instruments (shares) for cash (or another financial asset) from Groupe ADP.

Current liabilities include the short-term portion of borrowings as well as an increase in accruals and provisions mostly relating to the cost compensation mechanism, Stichting Leefomgeving Schiphol and noise reduction provision.

Investments

In 2022, Schiphol invested 444 million euros, a slight decrease of 1.3% compared with 2021 (2021: 450 million euros). 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 2022 are:

- development of Pier-A;
- completion of dual taxiway system;
- execution of maintenance on runway 18L-36R (Aalsmeerbaan);
- development of European Entry & Exit System;
- execution of the multi-year maintenance plan.

Cash flow developments

Cash flow from operating activities amounted to an inflow of 353 million euros in 2022 compared with an outflow of 79 million euros in 2021. This increase was attributable to the recovery from COVID-19 on an operational level during 2022.

Total cash flow from investing activities amounted to an inflow of 216 million euros in 2022 compared with an outflow of 299 million euros in 2021. This was mainly due to the proceeds received on the disposal of the financial asset (shares of Groupe ADP), as well as taking into account a net outflow (investments) of deposits in the current year.

Net cash flow from operating and investing activities – free cash flow – amounted to an inflow of 569 million euros in 2022 compared with an outflow of 379 million euros in 2021.

Cash flow from financing activities amounted to 438 million euros negative (2021: 545 million euros inflow), mainly as a result of settling the Financial liability - Share buyback obligation (acquisition of treasury shares). Schiphol incurred no additional debt in 2022, unlike in 2021.

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 2022 amounted to an inflow of 131 million euros (2021: 166 million euros inflow). As a result, the net amount of cash balances, taking into account exchange and translation differences, increased from 920 million euros as at 31 December 2021 to 1,051 million euros as at 31 December 2022.

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.

Financing

The total amount of outstanding loans and lease liabilities decreased by 42 million euros in 2022 to 5,365 million euros (2021: 5,407 million euros). The decrease was mainly the result of repaying 9 million euros on loans from the European Investment Bank and 18 million euros on the loan for Eindhoven Airport. At present, it is possible to raise funds of up to 5 billion euros under the EMTN Programme, of which 4,409 million euros has been issued.

In addition, Schiphol Group has a 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 2022, FFO increased from 25 million euros negative to 267 million euros positive. The FFO/net debt ratio reached 7.4% positive at the end of 2022 compared with 0.6% negative at the end of 2021.

The FFO/interest coverage ratio in 2022 was 4.47x positive, an increase from the 0.71x negative recorded in 2021. In addition to these two ratios, the net leverage ratio (ratio of interest-bearing debt minus cash and cash equivalent divided by underlying EBITDA) is applied. At the end of the 2022 financial year, Schiphol group's net leverage ratio stood at 10.05x. The solvency ratio for the Group over 2022 was 36% (2021: 35%), which is above the required minimum of 30% per the covenants of the European Investment Bank.

Other developments

Investments

Schiphol started the construction of cargo building 17 on the Schiphol-Southeast cargo area. The cargo building, also known as dnata Cargo City Amsterdam, will be one of the world's largest and most advanced logistics buildings at an airport. It will consist of approximately 61,000 m² of commercial space, including 6,700 m² of internal office space and with an annual cargo handling capacity of 850,000 tonnes.

Schiphol and the unions reached a unique and ambitious joint agreement regarding better terms and conditions of employment. This agreement ensured that Schiphol is an attractive place to work in a tight labour market. Employees working in security, cleaning, PRM (providing assistance to passengers with reduced mobility), ground handling (check-in, baggage and apron) and private bus transport got a summer

supplement of 5.25 euros gross per hour worked. This supplement applied from 1 June until Monday 5 September 2022 and applied retroactively to the two-week May holiday. Furthermore, security, cleaning, PRM and private bus transport staff received a so-called 'Schiphol Labour Market Supplement' of 1.40 euros gross per hour worked as of 1 September 2022.

Amsterdam Airport Schiphol introduced a scheme for passengers who were at the airport on time between 23 April 2022 and 31 October 2022, but missed their flight due to an exceptional waiting time at security control.

Schiphol has awarded the definitive contract for the completion of its A Pier to BAM Bouw en Techniek. During the tendering procedure, BAM Bouw en Techniek convincingly demonstrated that it had the capacity in house to take on this contract. The focus of the tendering procedure was on cooperation within an integrated construction team and stakeholder management.

In October, talks between Schiphol, the unions FNV and CNV and security companies have led to a negotiated agreement on a new social package to structurally improve the terms and conditions of employment at the airport. The aim is to attract more security staff and thus contribute to more comfort and shorter queues for passengers. This social package ensures higher wages, better rosters and improved rest areas for security staff at Schiphol. As of November, security officers at Schiphol will receive an additional 2.50 euros per hour, on top of the gross salary determined in the collective labour agreement (CLA). Together, the wages for security guards at Schiphol could rise by about 40%. Schiphol is pleased about this wage increase that will help make working at Schiphol more attractive to security guards. In combination with better rosters and rest areas, this is an important measure in solving the shortage of security officers at the airport.

Maastricht Aachen Airport (MAA) and Royal Schiphol Group reached an agreement in principle to start a strategic partnership. Schiphol will acquire a 40% interest in MAA for 4.2 million euros. As a result of this agreement, the parties will invest in the future of MAA together. This cooperation is in line with the government's Aviation policy, requests from Parliament (Tweede Kamer) and the amendment of the Provincial Council of Limburg.

Schiphol started with giving Lounge 1, the waiting area after the security check for passengers travelling to Schengen destinations, an upgrade. The quality of the lounge is set to improve considerably and the lounge will become more sustainable. Schiphol is extending the lounge, making adjustments to walkways and expanding the range of facilities like catering establishments and shops.

Runway maintenance

From the beginning of April Schiphol carried out major maintenance on the Aalsmeerbaan Runway. Until July, the runway was not available to air traffic. This period of works saw the major part of the asphalt on the Aalsmeerbaan – a total surface area equal to more than 50 football pitches – being replaced. 1650 new LED lights and 50 kilometres of cabling were installed in the asphalt. Furthermore, 17 kilometres of markings was painted on the runway and the rainwater drainage system around the runway was cleaned, repaired and renewed.

From Monday 5 September to Tuesday 13 September, maintenance works were carried out on the Buitenveldertbaan Runway. The Runway 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.

From Monday 26 September to Sunday 2 October, maintenance works were carried out on the Zwanenburgbaan Runway. The Runway 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.

From Monday 10 to Friday 14 October, maintenance works were carried out on the Polderbaan Runway. The Runway 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.

From Monday 31 October to Friday 4 November, and on Monday 7 November and Tuesday 8 November, maintenance works were carried out on the Kaagbaan Runway. The Runway 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.

Maintenance work were taking place on the Schiphol-Oostbaan runway from Monday 14 through Friday 18 November and on Monday 21 and Tuesday 22 November. The Runway 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.

Towards Net Zero in 2050

Schiphol announced the purchase of two TaxiBots, special towing vehicles that enable aircraft to taxi sustainably. Schiphol is Europe's first airport to start using TaxiBots. The investment is part of Schiphol's plan to speed up the process of making aviation more sustainable and is an addition to the investments the airport previously decided to make.

Schiphol, together with KLM Equipment Services, conducted a trial with new electric ground equipment for handling large types of aircraft, also known as widebody planes. This trial will develop the version that currently exists for smaller aircraft. This special ground equipment will replace the diesel-powered models and provide planes with power while they are parked.

Starting on March 14th, the temperature at Schiphol dropped one degree in the terminal and at the head office. Because of the war in Ukraine, we want to become less dependent on natural gas, which is also good for the environment and saves money. The amount that Schiphol Group saved by lowering the heating is donated by the airport to Giro 555.

Schiphol and TNO collaborated with Corendon and KLM to test the use of mist to reduce the amount of ultrafine particles in the air at and around the airport. The parties at Schiphol are carrying out research to see if using this technology can improve local air quality.

The aviation sector, FNV (on behalf of the unions), the Dutch government and research institutes announced a collaboration to reduce the amount of ultrafine particles and improve local air quality at Schiphol. Together, the parties will focus on conducting research and implementing solutions. A two-pronged approach has been adopted: investigating, developing and implementing measures and setting up and carrying out research into

exposure and health among employees. A validation committee made up of scientists will be testing proposed measures and research.

KLM Royal Dutch Airlines, Royal Schiphol Group, Airbus, Royal NLR and TU Delft entered into a close co-operation to develop the technology needed for climate-neutral flights in 2050. The Flying Vision initiative aims to develop an open and innovative ecosystem.

Royal Schiphol Group announced it will install up to 10,000 new charging stations for electric vehicles by 2030, spread across the various Royal Schiphol Group airports. Charging stations are key to achieving emission-free airports by 2030. As part of this, all vehicles will be electric: from ground handling to hotel shuttles and everything in between.

Schiphol and partners have started conducting follow-up sustainable taxiing tests. At the airport, a KLM plane drove from Schiphol-Centre to and from a platform near the Zwanenburgbaan Runway with its engines switched off. This way of taxiing can significantly reduce fuel consumption and therefore CO₂, nitrogen and ultrafine particle emissions. This trial run marks the start of various tests with the two semi-robotic taxiing systems that Schiphol purchased earlier this year.

Reducing noise hindrance

41 measuring posts around Schiphol are using a smarter algorithm to link noise to flights more accurately. The algorithm can more precisely identify and distinguish aircraft noise from background traffic or weather-related noise. This development will improve the information that is provided to local residents, and measures to limit noise nuisance can be evaluated more effectively.

Schiphol's Notify app gives people living in the area around Schiphol an insight into current and expected air traffic at their location. From February, the app is providing air traffic predictions for even more places around Schiphol thanks to the addition of a new forecasting method. People living in the area between The Hague, Utrecht and Alkmaar can now also make use of Notify.

Credit ratings

Both S&P and Moody's lowered their long term credit rating for Royal Schiphol Group by one notch during 2022. Royal Schiphol Group is now rated 'A-/A-2', with a stable outlook, at S&P and rated A2, with a stable outlook, at Moody's. Both rating agencies consider that the Dutch government's intention to reduce annual aircraft movements to 440,000 from 500,000 at Amsterdam Airport Schiphol may hinder the airport's growth prospects and its competitive position as a hub airport from 2023 onwards.

International

In 2022, there was a full exit of Royal Schiphol Groups shareholding in Aéroports de Paris S.A. In accordance with an Exit Agreement concluded between the parties on December 1, 2008, RSG have repurchased all shares held by ADP in RSG for an amount of approximately 420 million euros, which will mark the end of the process of unwinding the cross-shareholdings with RSG.

Appointments

In January Jaap Winter joined the Supervisory Board of Royal Schiphol Group. In April he succeeded Louise Gunning as chair.

In February 2022 Mirjam de Boer-Postmus left as Director Asset Management at Schiphol. Sybren Hahn is the new director of Asset Management.

Jan Willem Weissink left Royal Schiphol Group on 1 March 2022. He is succeeded by Arthur Reijnhart in September.

By the end of May, Henry van der Geest left as Director of Finance at Royal Schiphol Group. Katie Slipper was his successor.

In 2022, Birgit Otto's second and final term as Chief Operations Officer (COO) at Royal Schiphol Group ended. She left Royal Schiphol Group on 1 June 2022. In line with the reorganisation carried out by Schiphol and the desire for a more efficient business operation, the Supervisory Board has decided to reduce the size of the Management Board from four to three members.

As of 1 September, Wilma van Dijk is the new Director Rotterdam The Hague Airport (RTHA). She succeeded Ron Louwerse, who retired. Jan Eerkens succeeded Wilma van Dijk as new Director Lelystad Airport.

Ridder Ralph van der Hoff started 1 September as interim Director Risk & Internal Audit. He succeeded Katie Slipper.

In September, CEO Dick Benschop announced he would step down and the Supervisory Board has accepted his resignation. Benschop remained in the role until his successor Ruud Sondag started 1 November.

Philip van Noort is appointed as new Director Security and Hedzer Komduur as new Director Safety & Environment at Royal Schiphol Group. After the departure of Wilma van Dijk, who was appointed Director Rotterdam The Hague Airport on 1 September, and in light of the weight of both portfolios, Schiphol's senior management decided to split the Safety, Security & Environment (SSE) department in two. Both directors started their new positions on 1 October 2022.

Principal risks and risk management

As a result of its vital role in Dutch infrastructure to connect the Netherlands and as a safe as well as financially robust business, Royal Schiphol Group is subject to a range of strategic, operational, financial and compliance risks. Risk management (the identification and mitigation of risks) is an integral part of our business processes. The 2022 Annual Report describes Schiphol Group's risk management policy and the most important risks facing Schiphol Group.

Overall, our high risk profile further increased in 2022 and exceeds our risk appetite. It is expected that our risk profile will not significantly improve in 2023 due to a combination of external factors (e.g. continuing tight labour market and restrictions announced by the government) and time needed for company level and sector-wide improvements.

2022 was a dynamic and challenging year, partly as a result of the rapid business recovery following the COVID-19 pandemic. The pandemic had an unprecedented effect on society and also on the aviation industry, including an unparalleled reduction in flight movements, significant financial losses and large numbers of workers leaving the aviation industry. The recovery has severely tested our operational resilience. This has had a negative impact on the quality of our airport service and reputation, albeit without compromising safety and security.

Several risks materialised during the year, despite extraordinary efforts. This highlights the extent to which risks may be interrelated, as the tight labour market and Schiphol's dependency on sector partners and suppliers cumulated in our difficulties to scale up with the increased demand for travel. This issue revealed constraints in our operating model, running according to a coordinating model with a focus on outsourcing operational activities and efficiency, which resulted in lowered control, resilience and flexibility.

Making short- and longer-term improvements to the operating model are key priorities for management. This will include focusing on increased and longer-term sector-wide collaboration, enhanced steering mechanisms, improved sector attractiveness, including compensation, working conditions and planning schedules, and sector-wide staff recruitment and retention

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 no changes to the Top Ten Risk Categories. These principal risk categories are:- Quality of Network- Quality of Life- Airport Service- Business Continuity- IT & Data Availability & Reliability- Safety & Security- Organisation & Workforce- Regulation & Compliance- Finance & Value Management- Project Execution

During the assessment, a number of key risks appear more prominent. This includes continuing fluctuations in (peak time) air travel affecting the sector-wide operational resilience in combination with a tight labour market, not delivering on our sustainability promise (or insufficiently ambitious plans) as an increasingly key foundation of our licence to operate given the increasing (public and political) concern for the environment, obtaining nature conservation permits, sector-wide working conditions, future reliability of assets, construction projects constraints, extreme weather, climate change and external threats from cyber crime impacting our business continuity. For reference purposes, certain specific financial risks are noted in the section on the management of financial risks and financial instruments. For these and other risks mitigations and action plans are in place.

*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 Sothewes, Senior Manager Finance Operations & Reporting*

Schiphol, 17 February 2023

Note for editors and investors:

- Royal Schiphol Group also provides access to the 2022 Annual Report via <https://www.schiphol.nl/en/schiphol-group/page/financial-information/>

Royal Schiphol Group 2022 condensed consolidated financial statements

Condensed consolidated statement of income for the year ended 31 December 2022

(in thousands of euros)

	2022	2021
Revenue	1,490,591	816,267
Other results from investment property	-191,632	68,852
Cost of outsourced work and other external costs	877,859	603,209
Employee benefits	241,616	128,366
Depreciation, amortisation and impairment	331,025	298,929
Total operating expenses	1,450,500	1,030,504
Operating result	-151,541	-145,385
Financial income	149,872	297,738
Financial expenses	-166,258	-112,622
Financial income and expenses	-16,386	185,116
Share of result of associates and joint ventures	32,509	-2,073
Result before tax	-135,418	37,658
Income tax expense	58,124	66,053
Result for the year	-77,294	103,712
Attributable to:		
Non-controlling interests	8,962	-959
Shareholders (net result)	-86,255	104,671
Basic earnings per share (in euros)	-509	562

Consolidated statement of comprehensive income for the year ended 31 December 2022

(in thousands of euros)

	2022	2021
Result for the year	-77,294	103,712
Foreign currency translation differences	-817	6,741
Changes in fair value on hedge transactions	26,223	16,511
Share of OCI of associates after taxes	21,528	16,742
Other comprehensive income, net of tax, to be reclassified to profit or loss in subsequent periods:	46,934	39,993
Remeasurements of defined benefit liability	5,409	2,816
Share of OCI of associates after taxes	-	-
Other comprehensive income, net of tax, not to be reclassified to profit or loss in subsequent periods:	5,409	2,816
Other comprehensive income for the year	52,343	42,810
Total comprehensive income for the year	-24,951	146,522
Attributable to:		
Non-controlling interests	8,962	-959
Shareholders (net result)	-33,913	147,480

Consolidated statement of financial position as at 31 December 2022

Assets

(in thousands of euros)

	31 December 2022	31 December 2021
Intangible assets	131,259	107,225
Assets used for operating activities	3,443,513	3,498,289
Assets under construction or development	1,305,383	1,183,541
Investment property	1,699,706	1,822,380
Deferred tax assets	329,595	266,965
Investments in associates and joint ventures	492,328	455,737
Loans to associates	136,159	143,171
Other non-current receivables	46,635	35,070
Non-current assets	7,584,578	7,512,378
Trade and other receivables	968,346	561,753
Current income tax assets	-	-
Cash and cash equivalents	1,050,846	919,760
Assets held for sale	-	896,979
Current assets	2,019,192	2,378,492
Total assets	9,603,770	9,890,870

Equity and liabilities

(in thousands of euros)

31 December 2022 31 December 2021

Issued share capital	84,511	84,511
Share premium	362,811	362,811
Retained profits	3,416,970	3,082,906
Other reserves	3,436	-48,907
Treasury shares	-420,320	-
Equity attributable to owners of the company	3,447,408	3,481,321
Non-controlling interests	58,478	49,516
Total equity	3,505,886	3,530,837
Borrowings	5,319,296	5,383,598
Financial liability - Share buyback obligation	-	346,282
Employee benefits	41,451	53,524
Provisions	29,161	27,985
Deferred tax liabilities	13,739	12,629
Other non-current liabilities	103,363	103,308
Non-current liabilities	5,507,010	5,927,326
Borrowings	30,912	6,299
Current income tax liabilities	8,626	7,010
Provisions	19,924	4,600
Trade and other payables	531,412	414,800
Current liabilities	590,874	432,708
Total liabilities	6,097,884	6,360,034
Total equity and liabilities	9,603,770	9,890,870

Condensed consolidated statement of changes in equity for the year ended 31 December 2022

(in thousands of euros)	Attributable to shareholders						Total
	Issued share capital	Share Premium	Retained profits	Other reserves	Treasury shares	Non controlling interests	
Balance at 1 January 2021	84,511	362,811	2,978,234	-112,959	-	50,271	3,362,869
Profit for the year	-	-	104,671	-	-	-959	103,712
Other comprehensive income	-	-	-	64,051	-	-	64,051
Comprehensive income for the year	-	-	104,671	64,051	-	-959	167,763
Payments of dividends	-	-	-	-	-	-	-
Other	-	-	-	-	-	204	204
Balance as at 31 December 2021	84,511	362,811	3,082,906	-48,907	-	49,516	3,530,837
Result 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	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Balance as at 31 December 2022	84,511	362,811	3,416,970	3,436	-420,320	58,478	3,505,886

	Dividend for 2021, paid in 2022	Dividend for 2020, paid in 2021
Dividend attributable to shareholders (in euros)	-	0
Average number of shares in issue during the year	186,147¹	186,147
Dividend per share (in euros)	-	0

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 will be distributed for the financial years of 2022 and 2021.

Consolidated statement of cash flows for the year ended 31 December 2022

(in thousands of euros)

	2022	2021
Cash flow from operations	442,981	12,250
Paid and received income tax, interest and dividends received	-89,675	-91,567
Cash flow from operating activities	353,306	-79,317
Cash flow from investing activities	215,920	-299,287
Free cash flow	569,226	-378,604
Cash flow from financing activities	-438,005	544,892
Net cash flow	131,221	166,289
Cash and cash equivalents at the beginning of the year	919,760	753,449
Net cash flow	131,221	166,289
Exchange and translation differences	-135	23
Cash and cash equivalents at the end of the year	1,050,846	919,760