Financial Statements

Taco van Iersel, Manager Sustainability & Energy Management:
'With the new recycling facility for concrete rubble we have control over our own concrete flows. Here, we store concrete rubble and turn it into new concrete, which we then use in our construction projects. Everything stays on site, saving considerable transportation miles.'

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Consolidated statement of income for the year ended 31 December 2023

(in thousands of euros)	Note[1]	2023	2022
Revenue	1	1,851,973	**1,490,591**
Other results from investment property	2	-150,595	-191,632
Cost of outsourced work and other external costs	3	1,061,063	877,859
Employee benefits	4	290,290	241,616
Depreciation, amortisation and impairment	5	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	26	2,327	**-16,386**
Share in result of associates and joint ventures	11	22,726	32,509
Result before tax		30,931	**-135,418**
Income tax expense	10	-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[2]	**-509**
Diluted earnings per share (in euros)		74[2]	-509

1 The notes are an integral part of these consolidated financial statements.
2 Result attributable to shareholders / number of weighted-average shares

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

(in thousands of euros)	Note [1]	2023	2022
Result for the year		22,058	**-77,294**
Foreign currency translation differences	18	-11,425	-817
Changes in fair value on hedge transactions	18	-6,922	26,223
Share of OCI of associates after taxes	11, 18	-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	18	-4,088	5,409
Share of OCI of associates after taxes	11, 18	-	-
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

1 The notes are an integral part of these consolidated financial statements.

Consolidated statement of financial position as at 31 December 2023

(in thousands of euros)	Note[1]	31 December 2023	31 December 2022
Assets			
Intangible assets	6	159,477	131,259
Assets used for operating activities	7	3,419,114	3,443,513
Assets under construction or development	8	1,602,756	1,305,383
Investment property	9	1,598,538	1,699,706
Deferred tax assets	10	325,162	329,595
Investments in associates and joint ventures	11	485,597	492,328
Loans to associates and joint ventures	12	113,141	136,159
Other non-current receivables	13	19,304	46,635
Non-current assets		**7,723,089**	**7,584,578**
Trade and other receivables	14	745,657	968,346
Current income tax receivables	10	755	-
Cash and cash equivalents	15	784,743	1,050,846
Current assets		**1,531,155**	**2,019,192**
Total assets		**9,254,244**	**9,603,770**

1 The notes are an integral part of these consolidated financial statements.

(in thousands of euros)	Note[1]	31 December 2023	31 December 2022
Equity and liabilities			
Issued share capital	16	84,511	84,511
Share premium	16	362,811	362,811
Retained profits	17	3,429,676	3,416,970
Other reserves	18	-23,229	3,436
Treasury shares	16	-420,320	-420,320
Equity attributable to owners of the company		**3,433,449**	**3,447,408**
Non-controlling interests	19	65,086	58,478
Total equity		**3,498,535**	**3,505,886**
Borrowings	20	4,613,163	5,319,296
Employee benefits	21	44,827	41,451
Provisions	22	23,387	29,161
Deferred tax liabilities	10	13,362	13,739
Other non-current liabilities	23	99,213	103,363
Non-current liabilities		**4,793,952**	**5,507,010**
Borrowings	20	306,135	30,912
Current income tax liabilities	10	924	8,626
Provisions	22	15,222	19,924
Trade and other payables	24	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**

1 The notes are an integral part of these consolidated financial statements.

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

(in thousands of euros)	Note[1]	Issued share capital	Share Premium	Retained profits	Other reserves	Treasury shares	Non-controlling interests	Total
		Attributable to shareholders						
Balance at 1 January 2022		**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 for the year	18	-	-	-	52,343	-	-	52,343
Comprehensive income for the year		**-**	**-**	**-86,256**	**52,343**	**-**	**8,962**	**-24,951**
Acquisition of treasury shares	16	-	-	420,320	-	-420,320	-	-
Payments of dividends	17	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-
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 for the year	18	-	-	-	-26,665	-	-	-26,665
Comprehensive income for the year		**-**	**-**	**12,706**	**-26,665**	**-**	**9,352**	**-4,607**
Acquisition of treasury shares	16	-	-	-	-	-	-	-
Payments of dividends	17	-	-	-	-	-	-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**

1 The notes are an integral part of these consolidated financial statements.

	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	171,255[1]	186,147
Dividend per share (in euros)	-	-

1 The 14,892 treasury shares are deducted as they are not eligible for dividend distribution

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

(in thousands of euros)	Note[1]	2023	2022
Result for the year		**22,058**	**-77,294**
Income tax expense recognised in profit or loss	10	8,873	-58,124
Share in result of associates and joint ventures	11	-22,726	-32,509
Financial income and expenses	26	-2,327	16,386
		-16,180	**-74,247**
Operating result		**5,878**	**-151,541**
Adjustments for:			
Depreciation and amortisation expenses	5	337,661	327,042
Impairment loss	5	6,486	3,983
Result on disposal of investment property	2	-	-
Fair value changes of investment property	2	150,595	191,632
Other non-cash changes in other receivables and liabilities		472	-16,739
Change in employee benefits and other provisions		-5,178	2,504
		490,036	**508,422**
Operating result after adjustments		**495,914**	**356,881**
Movements in working capital		42,458	86,100
Cash flow from operations		**538,372**	**442,981**
Cash flow from operating activities			
Income taxes paid		-15,854	-13,138
Interest paid		-79,416	-80,242
Interest received		26,777	1,809
Dividends received	11	18,792	1,896
Cash flow from operating activities		**488,671**	**353,306**

(in thousands of euros)	Note[1]	2023	2022
Cash flow from investing activities			
Payments for intangible assets	6	-51,950	-42,332
Payments for property, plant and equipment	8, 9	-624,470	-412,058
Proceeds on disposal of financial assets	16	-	1,032,260
Purchased assets held for sale	14	-2,141	-9,467
Acquisition of associates and joint ventures	11	-6,150	-8,528
Disposal of associates and joint ventures	11; 16	-	2,712
Dividends received on loans to associates and joint ventures	12	-	1,011
Repayment of loans to associates and joint ventures	12	25,111	13,573
Other non-current receivables received	13	-	3,716
Investments in deposits		-585,000	-1,485,026
Proceeds from deposits		895,463	1,120,060
Cash flow from investing activities		**-349,137**	**215,920**
Free cash flow		**139,534**	**569,226**
Cash flow from financing activities			
Repayment of borrowings	20	-383,999	-27,000
Dividend paid by subsidiaries to third parties		-2,772	-
Proceeds from other non-current liabilities		521	680
Payment of acquiring treasury shares (settling the Share buyback liability)	16	-	-420,320
Payment of lease liabilities		-894	-2,765
Cash flows from collaterals		-18,430	11,400
Cash flow from financing activities		**-405,574**	**-438,005**
Net cash flow		**-266,040**	**131,221**
Cash and cash equivalents at the beginning of the year	15	1,050,846	919,760
Net cash flow		-266,040	131,221
Exchange and translation differences		-63	-135
Cash and cash equivalents at the end of the year	15	**784,743**	**1,050,846**

1 The notes are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

General information

Royal Schiphol Group N.V. is a public limited liability company with its registered seat and office in the municipality of Haarlemmermeer at Evert van de Beekstraat 202, 1118 CP, Schiphol, the Netherlands. Royal Schiphol Group N.V. trades under the name of Schiphol Group, Luchthaven Schiphol and Royal Schiphol Group N.V. Royal Schiphol Group N.V. is an airport company with an important socio-economic function. Airports in the Group create value for society and for the economy. 'Connecting your world' embodies 'the Why' of Royal Schiphol Group: 'Connecting your world' by orchestrating inspiring journeys and creating the world's most sustainable and high-quality airports. Our airports allow international trade, tourism and knowledge exchange to flourish by providing top-quality aviation infrastructure and air transport facilities for passengers and cargo.

The consolidated financial statements for the year ended 31 December 2023 have been prepared in accordance with IFRS Accounting Standards as endorsed by the European Union (EU-IFRS) and also comply with the financial reporting requirements included in Section 362(9) of Part 9, Book 2 of the Dutch Civil Code. The consolidated financial statements have been prepared by the Management Board of the company and authorized by the Supervisory Board for issue on 15 February 2024, and will be submitted for adoption to the Annual General Meeting of Shareholders (AGM) on 9 April 2024. The consolidated financial statements will be filed with the AFM and at the Trade Register of the Chamber of Commerce in Amsterdam, the Netherlands within eight days of adoption by the 2023 AGM.

Accounting policies

Schiphol Group's material accounting policies on consolidation, measurement of assets and liabilities and determination of results are set out below and are applied consistently to all information presented. The financial statements have been prepared on a historical cost basis except for the following:

- certain financial assets and liabilities (including derivative financial instruments), certain classes of property, plant and equipment, and investment property - measured at fair value or revalued amount; and
- assets held for sale - measured at the lower of carrying amount and fair value less costs to sell

The financial statements have been prepared on the basis of the going concern assumption.

Going concern basis of accounting

Traffic continued to recover significantly from the COVID-19 pandemic during 2023, which had a positive impact on the operations and results of Schiphol Group. A net result of 22 million euros was recognised for the financial year ending 31 December 2023 (compared with a loss of 77 million euros for 2022).

Revenue increased significantly compared to 2022 due to an entire year of lifted (air) travel restrictions and reopening of border closures in most parts of the world. The result was a material increase in passenger numbers and, together with a circa 12% increase in aviation charges per April 2023, a material increase in revenue. The net result is mainly the result of increased revenues that were partly offset by the increased cost level due to inflation, the social Accord, and other Quality of Work initiatives for which Schiphol receives no cost coverage via the airport charges as these were already set in 2021.

Schiphol Group expects the strong recovery in passenger numbers from the COVID-19 pandemic to continue for the next 12 months. Full traffic recovery towards pre-pandemic levels remains however uncertain and is subject to potential operational constrains within the sector to cope with the strong pick-up in demand, and - in the medium term - the intention by the government to reduce the maximum number of flight movements at Amsterdam Airport Schiphol to 452.500.

Management has prepared a budget for 2024 together with a long-term financial forecast and has run several sensitivities on this forecast. The forecast and sensitivities take into account a continued traffic recovery towards the maximum number of ATMs (range between 440.000 and 483.000) in combination with the potential operational constraints within the sector to reach the maximum number of ATMs. The forecast also includes the repayments of loans and increased investments in capital expenditure.

Schiphol Group started 2023 with a significant liquidity position (including long and short term deposits and money market fund investments) of 1.731 million euros. The high amount of liquidity is the result of the debt issued in 2020 and 2021 to cope with the uncertainties of COVID-19. Also, in December 2022, Schiphol Group sold its 8% share in ADP and purchased 8% treasury shares, which led to a net cash-in of EUR 613 million euros. Although financial operational recovery continued during 2023, it was not enough to fund total capital expenditures during 2023. Together with the voluntary cash tender offer on Schiphol Group's outstanding EMTN Notes, this resulted in a 577 million reduction in liquidity (including long and short term deposits and money market fund investments) towards 1,155 million euros in total per 2023 year-end. Despite the reduction in liquidity during 2023, the position per year end 2023 is still considered as very strong. In addition, Schiphol Group has access to 675 million of committed undrawn credit facilities with 8 different banks.

As a result, Schiphol Group evaluated its ability to continue as a going concern. Schiphol Group has sufficient liquidity and committed funding available to continue to finance the ongoing operational cash flows and the committed capital investments. From a solvency perspective, Schiphol Group will remain above the relevant threshold of 30%, as set out in the financing documentation.

Management therefore expects Schiphol Group to have adequate resources to continue its operations for at least the next 12 months and that the going concern basis of accounting remains appropriate.

Impairment of assets

An impairment assessment has been performed for the CGU's Amsterdam Airport Schiphol, Eindhoven Airport, Lelystad Airport, Rotterdam The Hague Airport and the investments in associates and joint ventures in terms of *IAS 36* Impairment of Assets. Solely an impairment loss on CGU Schiphol Airport Retail was recognised during 2023 and 2022.

Judgement is required in projecting future cash flows for the CGU's and investments. Critical assumptions relate to, among other things, projected passenger and ATM growth within the ranges defined in currently applicable legislation, development of the aviation charges for the new regulatory period (2025 – 2027) at Amsterdam Airport Schiphol, the settlement mechanism as included in the Aviation Act as disclosed in note 1 Revenue, and capital expenditures. The estimate of value in use was determined by using a pre-tax discount rate in the range of 7%-10%.

New and amended standards that are mandatory with effect from 2023

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2023:

- *IFRS 17:* Insurance Contracts
- Disclosure of Accounting Policies - Amendments to *IAS 1:* Presentation of Financial Statements and IFRS Practice Statement 2
- Definition of Accounting Estimates -Amendments to *IAS 8:* Accounting Policies, Changes in Accounting Estimates and Errors
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to *IAS 12:* Income Taxes
- International Tax Reform - OECD Pillar Two Rules resulting into narrow scope amendments to *IAS 12:* Income Taxes

At 30 June 2023 the IFRS Interpretations Committee took 7 agenda decisions relevant for the 2023 annual report but internally assessed to have no impact on the reporting of Schiphol Group.

Available for optional adoption / effective date deferred indefinitely:

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to *IFRS 10:* Consolidated Financial Statements and *IAS 28:* Investments in Associates and Joint Ventures.

These standards have been determined to have no material impact on the financial reporting of Schiphol Group.

New standards and amended standards that are mandatory with effect from 2024 or later

Schiphol Group is currently examining the consequences of other new standards and interpretations and amendments on the existing standards listed below, which will be mandatory starting the 2024 financial year or later (as stated):

- Classification of Liabilities as Current or Non-Current- Amendments to *IAS 1* Presentation of Financial Statements
- Lease liability in a Sale and Leaseback- Amendments to *IFRS 16* Leases
- Supplier finance arrangements – Amendments to *IAS 7* Statement of Cash Flows and *IFRS 7* Financial Instruments – Disclosures
- Sale or contribution of assets between an investor and its associate or joint venture – Amendments to *IFRS 10* Consolidated Financial Statements and *IAS 28* Investments in Associates and Joint Ventures

Schiphol Group has not voluntarily applied in advance new or amended standards or interpretations that will not be mandatory until the 2024 financial year or later. These new and/or amended standards are not expected to have a significant impact on the consolidated financial statements.

Intangible assets

Intangible assets include goodwill, contract-related assets, software and nitrogen rights. Goodwill arising on the acquisition of subsidiaries is recognised under intangible assets. Goodwill arising on the acquisition of associates and joint ventures is recognised as part of the carrying amount of the associate and joint ventures, using the equity method. The initial carrying amount of goodwill is subsequently reduced by accumulated impairment losses. Goodwill is not amortised but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is allocated to the relevant cash-generating unit (subsidiary, joint venture or associate) for the purpose of impairment testing.

Contract-related assets concern the interest in JFKIAT Member LLC acquired upon the acquisition of activities from third parties. These contracts are measured at fair value on the acquisition date and subsequently against the cost price thus determined less accumulated amortisation and impairment. Contract-related assets are amortised on a straight-line basis over the remaining term of the arrangement.

Software includes software licences and software development. Software licenses that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Development expenditure on internally developed software is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses. Capitalised software is amortised on a straight-line basis over its useful life.

Nitrogen rights represent the ammonia rights held by the Group to compensate a CO_2 emission-related activity. Nitrogen rights are initially measured at cost, a purchase price paid or the fair value of other consideration given. The nitrogen rights have indefinite useful life and are subsequently measured at cost less accumulated impairment losses.

See the note above and note 6 Intangible assets for a more detailed explanation.

Assets used for operating activities

Assets used for operating activities include runways, taxiways, aprons, car parks, roads, buildings, installations and other assets. These assets are measured at historical cost less grants received, straight-line depreciation and impairments. Historical cost includes directly attributable costs. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that Schiphol Group will derive future economic benefits from them and the amount can be measured reliably.

Assets used for operating activities, with the exception of land, are depreciated on a straight-line basis over the estimated useful life of the asset, which depends on its nature and components. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The net result on disposals is determined by comparing proceeds with carrying amount and is recognised in the income statement as other income.

The costs of day-to-day maintenance are recognised in the income statement, and the costs of planned major maintenance improving the existing assets are capitalised by using the component accounting method.

See note 7Assets used for operating activities for a more detailed explanation.

Assets under construction or development

All capital expenditure is initially recognised as assets under construction or development, if it is probable that the group will derive future economic benefits from them and the amount can be measured reliably. There are three categories of assets under construction or development:
- *(a)* software under development presented under Intangible assets;
- *(b)* assets under construction or development for operating activities presented under Assets under construction or development;
- *(c)* assets under construction or development for investment property presented under Investment property.

Software under development (category a) and Assets under construction or development for operating activities (category b) are measured at historical cost including:
- borrowing costs. This relates to interest payable to third parties on borrowings attributable to projects. Borrowing costs are only capitalised for projects with a duration of at least one year;
- time charged at cost to capital projects by Schiphol Group employees during the construction stage.

Software under development (category a) and Assets under construction or development for future operating activities (category b) are not amortised or depreciated. Impairment testing is performed as explained in the section 'Depreciation, amortisation and impairment'. When the assets are ready for use, they are transferred at historical cost less impairments to ‘assets used for operating activities’, which is also when the straight-line depreciation at the expense of the income statement commences.

Accounting policies for assets under construction or development for investment property (category c) are included under 'Investment property'.

Reference is made to notes 8 Assets under constructuion or development and 9 Investment Property for a more detailed numerical explanation.

Investment property

Investment property is measured at fair value. To prevent double counting, the fair value of investment property as presented in the statement of financial position, takes into account granted lease incentives. These incentives are recognised separately as assets on the statement of financial position under other non-current receivables (remaining term of more than one year) or trade and other receivables (remaining term of less than one year). Fair value gains and losses on investment property are recognised in the statement of income in the year in which they arise. Gains or losses on disposal of assets, i.e. differences between carrying amount and net selling price, are recognised in the income statement in the year the transaction is executed. Investment property is not depreciated.

Investment property under construction or development is measured at fair value provided that the fair value can be measured reliably. As long as this is not possible, the property is measured at historical cost. Any difference between fair value and historical cost is recognised in the income statement under 'Other income and results from investment property'. On completion, the property is transferred at fair value to 'Investment property'. Property purchased is initially measured at cost. Cost incurred after initial recognition is capitalised if it can be measured reliably and it is probable that future economic benefits will flow to Schiphol Group. Other expenditures are recognised immediately in the income statement.

All buildings in the portfolio are appraised twice a year by independent valuators (on 30 June and on 31 December). Land is appraised based on internal valuations and also by independent external valuators, this is in line with external guidelines . Each year, a different part of the land positions is appraised by independent external valuators. The market value of long-leased land is calculated by discounting the value of the future annual ground rents and the residual value under the contracts concerned (discounted cash flow 'DCF' method).

See note 9 Investment property for a more detailed explanation.

Depreciation, amortisation and impairment

Intangible assets and assets used for operating activities are amortised and depreciated on a straight-line basis according to the schedule below. Goodwill, investment property, assets under construction, nitrogen rights and land are not amortised or depreciated.

The book value of non-current assets is tested against the recoverable amount if there are indications of a potential impairment. The recoverable amount is the higher of its fair value less costs of disposal and its value in use. The fair value less cost to sell is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated selling costs. Value in use is based on the present value of the estimated future cash flows from continuing use of an asset and from its disposal at the end of its useful life. This test is performed at cash-generating unit level,

Intangible assets	
Contract-related assets	33 years
IT development	3-5 years
Software licences	3-5 years
Assets used for operating activities	
Runways and taxiways	15-60 years
Aprons	30-60 years
Paved areas, roads, etc.:	
- Car parks	30 years
- Roads	30 years
- Tunnels and viaducts	40 years
- Drainage systems	40 years
Buildings	15-60 years
Installations	3-30 years
Other assets	5-20 years

whereas Aviation and Commercial (excluding the activities of Commercial Real Estate) are included in the separate cash-generating unit AAS. If the carrying amount exceeds the recoverable amount, the difference is recognised as an impairment loss in the statement of income and the carrying amount of the asset is reduced to the recoverable amount. Where applicable, the straight-line amortisation or depreciation over the remaining useful life of the asset concerned is adjusted accordingly. If circumstances indicate the need to reverse an impairment loss, the carrying amount of the asset is increased to the recoverable amount. Impairment losses on goodwill purchased on the acquisition of subsidiaries and joint ventures are not reversed. An annual impairment test is carried out to identify any changes or events that could lead to an impairment of the goodwill.

See note 5 Depreciation, amortisation and impairment expenses for a more detailed explanation.

Investments in subsidiaries, associates and joint arrangements

General

Where necessary, the accounting policies of subsidiaries, associates and joint ventures are adjusted to be in line with the Schiphol Group accounting policies.

See note 11 Investments in associates and joint ventures for a more detailed numerical explanation.

Subsidiaries

The financial information of Schiphol Group and its subsidiaries is included in the consolidated financial statements. Subsidiaries are companies that are controlled by Schiphol Group. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and is able to influence those returns through its control of the entity. The other shareholders' share in consolidated equity and results is presented in the statement of financial position as non-controlling interests (part of equity) and in the income statement as profit after income tax attributable to non-controlling interests. The results of subsidiaries acquired are consolidated from the date on which control commences. The financial information relating to subsidiaries that have been disposed continues to be included up to the date on which control ceases. In the event the company loses control of a subsidiary while retaining a financial interest, all assets and liabilities are de-consolidated and the remaining interest is initially recognised at fair value. The remaining difference is recognised in the income statement.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associates and joint ventures are recognised using the equity method, meaning that the investment is initially recognised at cost and subsequently adjusted for the company's post-acquisition share in the change in the associate's net assets. The carrying amount of these investments in associates and joint ventures includes goodwill recognised at acquisition. The company's share in the results of associates and joint ventures over which it has significant influence is recognised in the statement of income (share in results of associates and joint ventures). Cumulative movements in the net assets of associates and joint ventures are recognised in proportion to Schiphol Group's interest as investments in associates and joint ventures. The company ceases to recognise its share in the results of an associate and joint venture in the income statement and its share in the net asset value of that associate and joint venture immediately if this were to lead to the carrying amount of the investment becoming negative and if the company has not entered into any commitments or made payments on behalf of the associate and joint venture. Investments in associates and joint ventures are measured as other financial interests (at fair value with changes in fair value reported through the income statement) from the date on which the company ceases to have significant influence or control.

Joint arrangements

The financial data of entities that qualify as a joint arrangement are recognised as either joint ventures or joint operations, depending on the statutory and contractual rights and obligations of each individual investor. All existing contractual agreements qualify as joint ventures. Joint ventures are entities over which Schiphol Group and one or more other investors have joint control, and are accounted for using the equity method.

Acquisition of subsidiaries, associates and joint arrangements

An acquisition of a subsidiary, an associate or a joint arrangement is accounted for according to the purchase method, under which the cost of such an acquisition is the sum of the fair values of the assets and liabilities transferred by the acquirer on the acquisition date, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer. For acquisitions of associates and joint ventures, this also includes the related transaction costs. The identifiable assets, liabilities and contingent liabilities acquired are initially measured at their fair value at the acquisition date. The excess of the cost of the acquisition over the company's interest in the net fair value of the acquired assets and liabilities is recognised as goodwill in the consolidated financial statements under intangible assets (in the case of subsidiaries) or as part of the carrying amount (in the case of associates and joint ventures). If the net fair value exceeds cost, the difference is recognised immediately in the income statement. Costs relating to an acquisition of a subsidiary are recognised directly in the income statement.

If the acquisition is achieved in stages and leads to having control in an entity, the acquisition date carrying value of the acquirer's previously held equity interest in the entity is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in the income statement.

When the Schiphol Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in the income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or other financial interest. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if it directly disposed the related assets or liabilities. This can result in amounts previously recognised in other comprehensive income being reclassified to profit or loss.

Eliminations

Transactions between the company and its subsidiaries, associates and joint arrangements are eliminated, in case of joint arrangements and associates in proportion to the company's interest in those entities, along with any unrealised gains and assets and liabilities. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Financial assets

Schiphol Group classifies financial assets in the categories of amortised cost (loans to joint ventures and associates, trade receivables, cash and cash equivalents), financial assets at fair value through profit or loss and financial assets at fair value (derivative financial instruments). The classification is based on the business model and the cash flow characteristics of the financial asset.

Financial assets at fair value through profit or loss

The investment in shares of (listed) companies will be recognised at fair value through profit or loss (finance income and expense). Net gains and losses, including any interest or dividend income, are recognised from the investments of shares.

Derivative financial instruments

In line with the company's financial risk management, derivative financial instruments are used to hedge the risk of changes in future cash flows mainly connected with periodic interest payments and repayments of funding resulting from movements in market interest rates and exchange rates. The instruments used to hedge these risks are interest rate swaps and currency swaps. At inception of designated hedging relationships, the company documents the risk management objective and strategy for undertaking the hedge as well as the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Derivative financial instruments are measured at fair value. To the extent the hedging relationship is effective, fair value changes on derivative financial instruments are recognised in other comprehensive income and accumulated in the hedge reserve, which is part of equity (relating to the cash flow hedge) or it is recognised in the income statement as part of finance costs (fair value hedge). The non-effective part of fair value changes is recognised in the income statement. The cumulative amount recognised in the hedging transactions reserve is recycled to the income statement in the same period in which the hedged transaction is recognised in the income statement. In cash flow hedging relationships, only the change in fair value of the spot element of forward exchange contracts is designated as the hedging instrument. The change in fair value of the forward element is accounted for as a cost of hedging, while the related costs of hedging reserve is part of the hedging transactions reserve.

If a hedging instrument expires, is sold, terminated or exercised or ceases to satisfy the hedge accounting criteria, hedge accounting is discontinued prospectively. The fair value gains and losses accumulated up to that date continue to be carried in the hedging transactions reserve for as long as the initially hedged transaction is considered to be likely to occur, and are subsequently recognised in the statement of income simultaneously with the realisation of the hedged cash flow. If the initially hedged transaction is no longer expected to occur, the amounts accumulated in the hedging reserve and the costs of hedging reserve are immediately reclassified to the income statement.

When hedge accounting is not applied, the results are immediately recognised in the income statement.

See note 26 Management of financial risks and financial instruments for a more detailed explanation.

Loans to associates and joint ventures

The objective of loans to associates and joint ventures is to collect contractual repayments and interest. Loans to associates and joint ventures are initially measured at the fair value of the loans less attributable transaction costs, and subsequently measured at amortised cost, with differences between the redemption value and the carrying amount being amortised over the remaining term to maturity using the effective interest method.

See note 12 Loans to associates and joint ventures for a more detailed explanation.

Trade and other receivables

The objective of trade and other receivables is to collect contractual payments and interest. Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any impairments based on the expected credit loss. In view of the generally short periods to maturity, the fair value and amortised cost of these items tend to be virtually identical to the face value.

See note 14 Trade and other receivables for a more detailed explanation.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost, which is normally the nominal value. Cash and cash equivalents include all cash balances, deposits held at call at financial institutions, and short-term highly liquid investments with an original maturity of three months or less that are readily convertible into known amounts of cash. Liquid investments with an original maturity exceeding three months are excluded from cash and cash equivalents and reported under trade and other receivables. Bank overdrafts are included in the short-term payables.

See note 15 Cash and cash equivalents for a more detailed explanation.

Expected credit losses

Expected credit losses on loans to joint ventures and associates, deposits and cash and cash equivalents are measured on the basis of possible situations and developments that may lead to a counterparty defaulting within a period of 12 months. However, if a significant change has occurred in the credit risk, expected credit losses are based on possible situations and developments during the expected total lifetime of the receivable that may lead to the associate or bank defaulting.

A significant increase in the risk is deemed to have occurred if payment of repayment and/or interest is more than 30 days past due. The debtor is in default if payment is more than 90 days past due. Relevant information that is accessible without undue cost or effort is used to determine (twice a year) whether the credit risk has actually increased significantly and to measure expected credit losses. This includes both quantitative and qualitative information as well as historical and prospective information.

Schiphol Group opted to base its measurement of expected credit losses relating to trade receivables on all possible situations and developments that may lead to default of the debtor during the expected total lifetime of the receivable using the simplified approach based on the lifetime expected credit loss of the receivables. The provision amounts are derived from a provision matrix based on historical data on credit losses per business area. Additionally, the measurement of credit losses is based on information accessible without undue costs and effort about current developments and expectations with regard to the market and significant trading relationships. The provision covers 100% of the receivables owed by debtors that are in bankruptcy or have applied for a suspension of payments, as well as receivables older than one year.

Expected credit losses are reported in the income statement as part of depreciation, amortisation and impairment.

Inventories

Inventories are measured at the lower of cost and net realisable value. The lower net realisable value is determined by an individual assessment of the inventories. Cost includes the purchasing costs of the product. The cost of inventories is based on the first-in, first-out principle. The net realisable value is based on the expected selling price less selling costs to be incurred.

Assets and liabilities held for sale

Non-current assets or disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. The sale is highly likely if, on the reporting date, management has committed to detailed sales plans, is actively looking for a buyer and has set a reasonable selling price and the sale is highly likely to occur within a year.

Such assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. Once classified as held for sale, the non-current assets will no longer be amortised or depreciated.

Shareholders' equity

Issued share capital

The issued share capital is the amount paid up on the shares issued, up to their nominal value.

See note 16 Issued share capital and share premium for a more detailed explanation.

Share premium reserve

The share premium reserve is the amount paid up on the shares issued in excess of their nominal value.

Retained profits

Retained profits are the net results (i.e. that part of the result attributable to shareholders) accumulated in previous years minus distributed dividends.

See note 17 Retained profits for a more detailed numerical explanation.

Other reserves

Other reserves are the exchange differences reserve, the hedging transactions reserve, the share in other comprehensive income of associates reserve and the reserve for actuarial gains and losses.

The policies on the hedging transactions reserve and cost of hedging reserve are disclosed in ‘derivative financial instruments’. The policies on the exchange differences reserve are disclosed under (c) in the policy on ‘foreign currency’.

See note 18 Other reserves for a more detailed explanation.

Treasury shares

Where any group company purchases Schiphol Group’s equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the owners of Schiphol Group as treasury shares until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of Schiphol Group. Shares held by Schiphol Group are disclosed as treasury shares and deducted from contributed equity. Any surplus or deficit on the sale of treasury shares will be accounted for as an adjustment to share premium or reserves, including retained earnings, or a combination thereof. See note 16 Issued share capital and share premium for a more detailed explanation.

Employee benefits

Schiphol Group identifies four categories of employee benefits:

- short-term employee benefits;
- post-employment benefits;
- other long-term employee benefits;
- termination benefits.

These categories are explained below, along with descriptions of the Schiphol Group employee benefits included in these categories.

Short-term employee benefits

Short-term employee benefits are benefits payable within a year after the reporting date in which the employee rendered the service. Within Schiphol Group, this category includes wages and salaries (including holiday pay) and fixed and variable allowances, social security contributions, paid sick leave, profit sharing and variable short-term remuneration. The costs of these employee benefits are recognised in the income statement when the service is rendered or the rights to benefits are accrued (e.g. holiday pay).

Post-employment benefits

These are employee benefits that are due after completion of employment. They include pensions and job-related early retirement benefits. Schiphol Group's pension plan is administered by Algemeen Burgerlijk Pensioenfonds (ABP). The pension plan is regarded as a group scheme involving more than one employer that qualifies as a defined-contribution plan because:

- the members bear the actuarial and investment risks practically in full;
- the affiliated employers have no supplementary obligation to make additional contributions in the event of a deficit at ABP, nor are they entitled to any surpluses in addition to paying the premium set by ABP;
- each year the premium is set by the ABP board on the basis of its own file data, with due regard for the prescribed parameters and requirements.

Accordingly, in measuring the obligations arising from the pension plan, Schiphol Group merely recognises the pension contributions payable as an expense in the income statement.

The obligation covering job-related early retirement benefits is calculated according to actuarial principles and accounted for using the method described in 1, 2 and 3 below. In these cases, a net asset or liability is recognised in the balance sheet, comprising:

1. the present value of the defined-benefit obligation at the reporting date, measured using the projected unit credit method, under which the present value of the pension obligation for each member is determined on the basis of the number of active years of service prior to the reporting date, the estimated salary level at the expected date of retirement and the market interest rate;
2. less any past service cost not yet recognised. If, owing to changes in the pension plans, the expected obligation based on future salary levels with respect to prior years of service (past service costs) increases, the amount of the increase is recognised in full in the period in which the rights are granted;
3. less the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly. Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Other long-term employee benefits

These are employee benefits which do not fall wholly due within a year of the end of the period in which the employees render the related service. At Schiphol Group, this includes, among others, supplementary disability benefits, long-service awards and sustainable employment budget.

The expected costs of supplementary disability benefits are recognised in full in the statement of income from the date on which an employee is declared partially unfit for work. The liabilities with respect to supplementary disability benefits, long-service awards and sustainable employment budget are measured at the present value of the obligation.

Termination benefits

These are employee benefits payable as a result of either a decision by Schiphol Group to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for such benefits. Benefits under the scheme supplementing the statutory amount of unemployment benefit are another example of termination benefits. The costs are recognised in full in the income statement as soon as such a decision is made. Termination benefits are recognised at the present value of the obligation.

See note 21 Employee benefits for a more detailed explanation.

Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured by discounting the expected future cash flows.

See note 22 Provisions for a more detailed explanation.

Leases

Schiphol Group as lessee

At inception of a contract, Schiphol Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In respect of leases right-of-use assets are recognised representing the right to use the underlying asset as well as lease liabilities representing the obligation to make lease payments. Schiphol Group does not apply the lessee accounting model to short-term leases (a term shorter than 12 months) and leases of low-value items (an individual value below 5,000 euros). Lease payments associated with short-term and low-value leases are recognised as an expense on a straight-line basis over the lease term.

The right-of-use asset is initially measured at cost being an amount equal to the lease liability, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurements of the lease liability. The right-of-use assets are presented in the same line as assets of the same nature owned by Schiphol Group. If the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right-of-use asset includes exercise of a purchase option, the right-of-use asset is depreciated from the commencement date to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated until the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments. To determine the present value, the interest rate implicit in the lease is used. If that rate cannot be readily determined, the incremental borrowing rate is used. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. Interest expense on the lease liability is accounted for on a separate line within financial expenses. A remeasurement of the lease liability (and similar adjustment to the book value of the right-of-use asset) can occur from a change in the lease term, a change in future lease payments or a change in the assessment of an option to purchase the underlying asset. Lease liabilities are presented in Other non-current and current liabilities in the statement of financial position.

Schiphol Group as lessor

Leases in which Schiphol Group acts as lessor are classified as either an operating lease or a finance lease. Assets where the company or one of its subsidiaries has beneficial ownership under a lease contract are classified as operating leases. The company, or a subsidiary, has beneficial ownership if substantially all the risks and rewards incidental to ownership are transferred to it. Leases where beneficial ownership of the asset remains with third parties are classified as finance leases. Whether a lease qualifies as a finance lease or an operating lease depends on the economic reality (substance of the transaction rather than the form of the contract).

Assets subject to a finance lease are presented in the balance sheet as a lease receivable and measured at the present value of the minimum lease payments receivable at the inception of the lease (the net investment in the lease). The interest rate implicit in the lease is used to measure the net investment in the lease. The lease payments receivable are apportioned between the finance income and the reduction of the outstanding receivable so as to present a constant periodic rate of return on the net investment in the lease.

Assets subject to an operating lease are recognised in the balance sheet and measured according to the type of asset. The lease payments receivable under such leases are recognised as income in equal instalments, allowing for lease incentives, in the income statement. In the case of prepaid ground rents, the prepaid amounts received are recorded as a lease liability in the balance sheet and recognised as income in the income statement on a straight-line basis over the lease term.

Financial liabilities

The company classifies financial liabilities in the categories of amortised cost (borrowings, trade payables and interest payable) and designated at fair value through profit and loss (borrowings).

Borrowings

This item relates to bonds, private placements and amounts owed to credit institutions. Borrowings are initially measured at fair value less attributable transaction costs, and subsequently measured at amortised cost, with differences between the redemption value and carrying amount being amortised over the remaining term to maturity using the effective interest method.

Borrowings expected to be repaid within a year of the reporting date are presented as current liabilities.

See note 20 Borrowings for a more detailed explanation.

Trade and other payables

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost. In view of the generally short periods to maturity, the fair value and amortised cost of these items tend to be virtually identical to the nominal value.

Liabilities from municipal taxes such as certain types of property taxes are recognised at the obligating event.

See note 24 Trade and other payables for a more detailed explanation.

Revenue

Nearly all of Schiphol Group's activities comprise the provision of services. The Group recognises revenue when it transfers control over a service to the customer. Revenue is either measured based on the consideration consulted and set according to the Aviation Act (airport charges), specified in a contract with the customer (e.g. concessions, rent and leases) or based on rates published publicly (e.g. parking fees). Each of the charges and rates relates to distinct services and does not contain financing components.

Revenues from the handling of flights, aircraft, passengers and baggage and from the provision of parking space (reported as airport charges and parking fees) qualify as revenue from contracts with customers. The airport charges are recognised at a point in time and parking fees are recognised over time. Revenue from the granting of concessions and letting of investment property and retail space qualifies as revenue from leases and is recognised on a straight-line basis over the contract period.

Total revenue represents the income from the services provided less discounts and tax (VAT and excise duty). Revenue equals total revenue less the revenue from intra-group transactions.

As regards the main activities of Schiphol Group, revenue is recognised as follows:

Airport charges

Revenue from airport charges consists of passenger service charges, security service charges, aircraft-related fees and aircraft parking fees. Revenue is recognised at a point in time. Given this method of revenue recognition, there are no performance obligations with regard to the revenues from airport charges as at the balance sheet date. Airport charges are invoiced on a weekly basis and the standard contractual payment term is three weeks.

The activities of the Aviation business area (at Amsterdam Airport Schiphol) are regulated. This means that the process of setting the airport charge rates is subject to supervision by the Dutch Authority for Consumers and Markets (ACM) and that the aviation sector must be consulted as part of this process, which takes place every three years to set the tariffs for the next three-year period. When setting the aviation charges, the Aviation business area's profitability is capped at an average weighted cost of capital for regulated assets; both the asset base and the cost of capital must be determined in compliance with the Aviation Act.

In submitting its proposal, the operator provides the users with a report on quality indicators as stipulated in the Amsterdam Airport Schiphol Operation Decree. The charges for all of the airport activities should be transparent. This also applies to the revenue from operations that are directly associated with the aviation activities at the airport which are factored into the charges. For this purpose, the operator is required to keep separate accounts for the airport activities, including sub-accounts for the costs of security relating to passengers and their baggage and the revenue generated by security charges. For the income and expenses of these activities, the operator has implemented an industry-standard allocation system that is proportionate and comprehensive.

Under the Aviation Act, Schiphol Group must settle surpluses and deficits from specified income and expenses with the industry. Settlement takes place after the respective financial year and preparation of the financial statements of the Aviation and Security reporting segments, in accordance with the Aviation Act and the applicable new airport charge rates. Surpluses and deficits eligible for settlement in the airport charge rates are not presented as assets and liabilities in the balance sheet.

The regional airports are not regulated up to a five million passenger limit. Eindhoven Airport reached this limit, as a consequence of which the tariffs of this airport are regulated as of 1 April 2019. As is the case for Amsterdam Airport Schiphol, the airport charges at Eindhoven Airport must be consulted with the airlines and must be transparent, reasonable and non-discriminatory. After setting the rates (in this case for one year in advance only), the airlines have the opportunity to object to the rates with the ACM. Unlike Amsterdam Airport Schiphol, Eindhoven Airport is not required to settle surpluses and deficits with the industry. No regulatory procedures apply to the setting of the airport charges of Rotterdam The Hague Airport and Lelystad Airport as passenger numbers at these airports are below the five million passenger limit.

Concessions

A concession grants the holder non-exclusive rights to operate and manage a commercial activity in a specific location designated by Schiphol Group. Concession income qualifies as variable lease payments, since it depends on predetermined percentage scales that are linked to the revenues of the concession holder. Concession income is recognised on a straight-line basis where the scales set are linked to the annual sales of the concession holder in the financial year. If the revenue period specified in a contract is different from Schiphol's financial year, an estimate of the expected revenue and scale will be made and recognised. In these instances, revenue is also recognised on a straight-line basis. Concessions are invoiced on a monthly basis and the standard contractual payment term is two weeks.

Rent and leases

Income from rent and leases relates to the letting of (investment) property and retail space, as in general, in addition to the concession agreement, a separate contract is entered into with concession holders in which a fixed rent is payable for the retail space rented by the concession holder. Income from rent and leases is recognised as revenue in the income statement on a straight-line basis over the contract term of the agreement. Rent and leases are invoiced in advance, mostly on a quarterly basis, and the standard contractual payment term is two weeks.

Rent holidays, discounts on rent and other lease incentives are recognised as an integral part of the gross rental revenues. Service charges relate to the costs of energy, concierges and maintenance which may be charged to the tenant under the lease. The part of the service costs allocated to property investments which have not been let is recognised as an expense in the income statement.

Parking fees
Parking fees are recognised over time, in proportion to the service supplied at the reporting date. Parking revenues are for the most part collected immediately after the service has ended. A smaller part is collected at the moment the service is reserved ahead online. Revenues from business parking are invoiced on a monthly basis and the standard contractual payment term is two weeks. As a consequence of the above, with regard to the majority of revenues from parking fees, there are no performance obligations as at the balance sheet date.

Other activities
Revenue from other activities mainly consists of revenue from advertising, transport of electricity, gas and water, telecommunication services and other services and activities on behalf of third parties. Most of this revenue qualifies as revenue from contracts with customers and is recognised over time, in proportion to the service supplied at the reporting date.

See note 1 Revenue for a more detailed explanation.

Operating profits
Operating profit is the result generated from the continuing principal revenue-producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit of equity accounted investees and income taxes.

Financial income and expenses
Interest income and expense is recognised over time on a basis that takes into account the effective yield on the loans granted or liabilities. Dividends are recognised when Schiphol Group's right to receive payment is established.

See note 26 Management of financial risks and financial instruments for a more detailed explanation.

Government grants
Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Government grants relate to capital expenditure or expenses recognised.

When the grant relates to expenses, it is presented as part of profit or loss and deducted in reporting the related expense. See note 4 Employee benefits expense. Investment grants, being government contributions to capital expenditure, are deducted directly from the carrying amount of the asset.

Income taxes
Income taxes comprise current tax payable or receivable and deferred tax. Income taxes are recognised in the income statement unless they relate to items credited or charged directly to equity or other comprehensive income, in which case the tax is charged or credited directly to equity or other comprehensive income as well.

Current tax payable or receivable
Current tax payable or receivable in respect of the reporting period is the tax that is expected to be paid on the taxable profit for the reporting period and adjustments to the tax payable or receivable for prior periods. The tax payable or receivable is computed on the basis of tax rates and laws enacted or substantially enacted at the reporting date. Income taxes include all taxes based on taxable profits and losses including non-deductible taxes payable by subsidiaries, associates or joint ventures. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax assets and liabilities
Deferred tax assets and liabilities are recognised in respect of temporary differences between the carrying amount of assets and liabilities according to tax legislation and the accounting policies used in preparing these financial statements. Deferred tax assets, including those arising from tax loss carry-forwards, are recognised if it is probable that there will be sufficient future taxable profits against which tax losses can be offset, allowing the assets to be utilised.

No deferred tax assets or liabilities are recognised for:
1. temporary differences resulting from transactions that do not qualify as a business combination and that affect neither the result for reporting purposes nor the result for tax purposes at the time of the transaction; and
2. temporary differences associated with investments in subsidiaries, associates, joint ventures and contract-related intangible assets to the extent that Schiphol Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future; and
3. taxable temporary differences arising on the initial recognition of goodwill.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Existing deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The carrying amounts of deferred tax assets and liabilities are calculated at the tax rates expected to be applicable to the period in which an asset is realised or a liability is settled, using the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date and reflects uncertainty related to income taxes, if any. Deferred tax assets and liabilities are netted if they relate to the same fiscal unity and the company at the head of this fiscal unity has a legally enforceable right to do so.

See note 10 Income taxes for a more detailed explanation.

Foreign currency

Functional currency and presentation currency

Since the primary economic environment of Schiphol Group is the Netherlands, the euro is both its functional currency and presentation currency. Financial information is presented in thousands of euros, except where otherwise stated.

Transactions, assets and liabilities

Transactions (capital expenditure, income and expenses) denominated in foreign currencies are accounted for at the exchange rate on the transaction date. Monetary assets and liabilities (receivables, payables and cash and cash equivalents) in foreign currencies are translated at the exchange rate on the reporting date. Exchange differences arising on translation and settlement of these items are recognised in the statement of income under financial income and expenses, with the exception of exchange differences on financial instruments in foreign currencies against which derivative financial instruments are held with the object of hedging exchange risks on future cash flows. Exchange differences on these financial instruments are recognised directly in comprehensive income provided the hedge is determined to be effective. The ineffective portion is recognised in the income statement under financial income and expenses.

Subsidiaries

Income and expenses denominated in foreign currencies are translated at the exchange rate on the transaction date, which in practice is usually approximated using an average exchange rate. Assets and liabilities are translated at the rate on the reporting date. Goodwill and changes in fair value arising on the acquisition of investments in associates are treated as assets and liabilities of the entity concerned and are similarly translated at the rate on the reporting date. Exchange differences arising on the translation of balance sheets and income statements of subsidiaries outside the euro zone are recognised directly in equity under the exchange differences reserve. On disposal of subsidiaries outside the euro zone, the accumulated translation differences initially recognised in the exchange differences reserve are recognised in the income statement as part of the result on disposal.

Cash flow statement

The cash flow statement is prepared using the indirect method. Cash and cash equivalents within the cash flow statement consist of all cash balances, deposits held at call at financial institutions, and short-term highly liquid investments with an original maturity of three months or less that are readily convertible into known amounts of cash. Liquid investments with an original maturity exceeding three months are reported under trade and other receivables. Given the purpose of these investments (to finance capital expenditure in the short term), the movements in these investments are not reported as part of movement in working capital but as part of cash flow from investing activities.

Cash flows from short-term credit facilities are classified as cash flows from financing activities. Cash flows in foreign currencies are translated at an estimated average rate. Currency differences on cash and cash equivalents are separately disclosed. Income tax, interest received and interest paid, and dividends received are classified as cash flows from operating activities. Capitalised interest is presented consistently with interest cash flows that are not capitalised. Paid dividends are classified as cash flows from financing activities.

The acquisition of a group company or subsidiary is classified as a cash flow from investing activities for the part that was paid in cash. Available cash and cash equivalents within the acquired company or subsidiary are eliminated. This also applies in the case of the sale of a group company.

Non-cash transactions are not included in the cash flow statement. Payments of lease instalments under a financial lease contract are classified as cash flows from financing activities as regards the part relating to redemption and as cash flows from operating activities as regards the part relating to interest.

See the Consolidated statement of cash flow for the year ended 31 December 2023 for a more detailed explanation.

Critical judgements and estimates

The assumptions and estimates made in the financial statements often concern expected future developments. Since the actual developments may deviate from the assumptions used, the actual outcomes may significantly differ from the current measurements of a number of items in the financial statements. As a result, the assumptions and estimates used may significantly influence Schiphol Group's equity and results. Assumptions and estimates used are tested periodically and adjusted where necessary. To a significant degree, these assumptions and estimates are based on past experience and on Schiphol Group's management's best estimate of specific circumstances which – in the management's view – apply in the given context. This section discusses the principal areas where the measurement of items is strongly influenced by the assumptions and estimates used.

Going concern assumption (forecasting)

Several assumptions and estimates were made by management in determining the forecasts and different scenarios to be able to conclude on the going concern assumption of Schiphol Group. Judgement is required in projecting the future cash flows, including the duration and continued impact of the restrictions on the expected levels of passenger numbers and air traffic movements. The assumptions of the estimates are included in more detail in the Accounting Policies for the going concern assumption.

Useful life, residual value and impairment of property, plant and equipment

The carrying value of property, plant and equipment is calculated on the basis of estimates of depreciation periods derived from the expected technical and useful life of the asset concerned, and residual values. The expected technical and useful life of the asset concerned and its estimated residual value may change under the influence of technological developments, market circumstances and changes in the use of the asset. These factors may also give rise to the need to recognise an impairment on assets. Estimates relate to, among other things, projected passenger and ATM recovery and growth within the ranges defined in currently applicable legislation, draft nature conservation permit and other traffic regulations and the settlement mechanism as included in the Aviation Act as disclosed in note 1 Revenue.

The estimated useful life of an asset should be reassessed if changes in circumstances occur or new information becomes available regarding the remaining useful life. The depreciation period should be the same as the expected usage pattern of the asset. See note 5 Depreciation, amortisation and impairment expense for the impact of the change in useful life.

Determining the fair value of investment property and land positions

The fair value of buildings recognised under investment property is appraised twice a year by management through the deployment of independent external valuators. The fair value of land recognised under investment property is appraised primarily on the basis of internal valuations.

In addition each year a different part of the land positions is appraised by independent external valuators. The best evidence of fair value are current prices in an active market for similar investment property. In the absence of such information, Schiphol Group determines the amount within a range of reasonable fair value estimates. The underlying assumptions of these estimates are explained in more detail in the accounting policies on investment property and in note 9 Investment property.

Impairment of goodwill and non-current assets

Goodwill is not amortised, but an annual impairment test is carried out to identify if there are any changes or events that could lead to an impairment of the goodwill. Other assets are tested in the case of any events or changes that call for an impairment test. The key assumptions used to determine the recoverable amount for the different CGUs are disclosed and explained in the Accounting Policies (Going concern basis of accounting) and note 11 Investments in associates and joint ventures.

Capitalisation and allocation of costs to specific assets

All capital expenditures are initially recognised under assets under construction if they are expected to generate future economic benefits. A distinction is made between operating activities and investment property. Asset used for operating activities can be subdivided into the following categories:

– runways, taxiways and aprons;
– paved areas and roads;
– buildings;
– installations; and
– other non-current assets.

Taxes

When preparing the financial statements, Schiphol Group makes every effort to assess all relevant tax risks and process up-to-date tax position details in the financial statements to the best of its ability. Evolving insights, for example following final tax assessments for prior years, can result in additional tax burdens or benefits, and new tax risks may arise. In the valuation of deferred tax assets, particularly those concerning differences between the values of property, plant and equipment for reporting and tax purposes as well as unutilised tax losses in the financial statements, assumptions are made regarding the extent to which and the period within which such assets can be realised. This is done, for instance, on the basis of business plans. In addition, when preparing the financial statements assumptions are made regarding temporary and permanent differences between the values for reporting and tax purposes. The actual situation may deviate from the assumptions used to determine deferred tax positions, due for instance to diverging insights and changes in tax laws and regulations. See note 10 Income taxes for a more detailed explanation.

The management programme for these tax risks (also known as the 'tax control framework') is part of Schiphol Group's overall risk management programme. This programme serves to identify tax risks and monitor internal controls with the aim of mitigating the tax risks. Schiphol Group has also developed and implemented a tax planning framework. Tax risk management is facilitated by the central control department (Finance Operations) and is part of approved Management Board policy. This policy is based on Schiphol Group's aim to be a trustworthy taxpayer through the application of professional tax compliance procedures.

Provisions

Schiphol Group uses estimates and assumptions when determining the likelihood that an obligation per balance sheet date will lead to an outflow of resources. In addition to this, assumptions are applicable to the estimated amount of outflow of resources. For example, Schiphol recognised an environmental provision related to soil pollution for construction projects for which soil has been excavated. Schiphol has made an estimation of the expected expenditures related to the decontamination. For more detailed explanations, refer to note 22 Provisions

Claims and disputes

Schiphol Group is the subject of various claims and disputes, which are part of its business operations. Group management assesses the claims and court cases instituted against it on the basis of facts and seeks legal advice when required. Schiphol is also involved in disputes as a claimant. In both cases this involves subjective elements and projected outcomes. However, it is not possible to obtain certainty about the final outcome and any negotiations on claims and disputes. For a more detailed explanation, see note 25 Contingent assets and liabilities.

Segment information

An operating segment is a clearly identifiable part of a company that engages in business activities with associated revenues, costs and operating results, and for which separate financial information is available that is regularly reviewed by the Management Board in order to assess the performance of the segment and make decisions about the resources to be allocated to it.

Schiphol Group identified fourteen operating segments, which have been combined into eight segments for reporting purposes in view of the size and characteristics of the operating segments. The eight segments for reporting purposes are grouped into three business areas: Aviation, Schiphol Commercial and Alliances & Participations. Information relating to alliances specifically associated with a particular business area is presented under the segments of that business area. The information relating to other alliances is presented under the reporting segments of the Alliances & Participations business area.

The Management Board and Corporate Treasury review liabilities and financial income and expenses at group level rather than segment level. The same rationale applies to income taxes, which are also reviewed and monitored at group level rather than at segment level. Transactions between the segments have been consistently conducted at arm's length over the years. Group overheads are allocated to the segments largely on the basis of their relative share in the direct costs of Schiphol Group. The system of allocations and settlements has been applied consistently over the past years.

Since Schiphol Group's current activities are concentrated almost entirely in the Netherlands (approximately 99% of consolidated revenue in 2023 (2022: 99%)), there is no geographical segmentation.

Aviation

The Aviation business area operates at Amsterdam Airport Schiphol and provides services and facilities to airlines, passengers and handling agents. It is subdivided into two segments: Aviation and Security. Aviation generates most of its revenue from airport charges (charges related to aircraft and passengers) and concession fees (paid by oil companies for the provision of aircraft refuelling services). The source of revenue for Security consists of airport charges (security-related charges).

Schiphol Commercial

The activities of the Schiphol Commercial business area consist of the core of all commercial services, such as consumer products, services and real estate activities. The major part of the activities is located at and around Amsterdam Airport Schiphol. The activities of Schiphol Commercial are split in the following segments: Concessions, Parking & Mobility, Commercial Real Estate, Terminal Real Estate and Other.

The segment Concessions consist of granting and managing concessions for shops, food and beverages, and service outlets (Concessions segment, generating variable revenue from concessions). Parking & Mobility Services is responsible for operating all car parks and generates revenue from parking charges. The majority of parking revenue comes from passengers and visitors to the airport directly (business to consumer), with a small part being generated online through parking space being reserved upfront. The Commercial Real Estate segment develops, manages, operates and invests in property at and around domestic and foreign airports. The majority of the portfolio, comprising both airport buildings and commercial properties, is located at and around Amsterdam Airport Schiphol. Sources of revenue include income from developing and leasing out land and buildings. The segment also makes a major contribution to the Schiphol Group results with other income from property (sales, fair value gains or losses on property, and granting land leases). Terminal Real Estate manages and rents out the offices and business class lounges at Schiphol to third parties. The Other segment include activities in advertisement and media space as well as premium services to passengers. Except for Premium Services and Parking, all revenue originates from services to other companies (business to business).

Alliances & Participations

The Alliances & Participations business area comprises the regional airports, international airports and other activities. Airport charges, concessions and parking charges are the main sources of revenue for the regional airports (Rotterdam The Hague, Eindhoven and Lelystad). The airports abroad (Brisbane Airport Corporation Holdings Ltd and Tasmanian Gateway Holdings Corporation Pty Ltd) and Maastricht Aachen Airport contribute to the group result through their results as accounted for in the share in results of associates and joint ventures and through the interest received on loans. The stake in JFKIAT Member LLC is recognised as a contract-related asset and contributes to the group result through management fees that are recognised as part of other revenue. The other activities mainly consist of Schiphol Telematics and Utilities. Schiphol Telematics provides telecommunication services at and around the airport. Utilities generates revenue from the transmission of electricity and gas and from the supply of water.

2023

(in thousands of euros)	Aviation	Schiphol Commercial	Alliances & Participations	Total
Airport charges	1,071,744	-	85,990	1,157,734
Concessions	15,438	176,265	13,281	204,984
Rent and leases	314	220,086	6,592	226,992
Parking fees	-	123,000	30,085	153,085
Other activities	53,008	44,544	124,468	222,020
Total revenue	**1,140,504**	**563,894**	**260,416**	**1,964,815**
Intercompany revenue	-1,153	-35,938	-75,751	-112,842
Revenue	**1,139,351**	**527,956**	**184,665**	**1,851,973**
Other results from investment property	-	-152,313	1,718	-150,595
Impairment[1]	-1,966	-4,548	28	-6,486
Depreciation and amortisation	-235,148	-67,809	-34,704	-337,661
Operating result	-112,999	90,766	28,111	5,878
Share in results of associates and joint ventures[2]	1,165	3,422	31,044	35,631
Total assets	4,694,950	3,389,319	1,169,975	9,254,244
Total non-current assets (excl. deferred tax)	3,753,137	2,709,489	935,301	7,397,927
Investments in associates and joint ventures	4,173	138,274	343,150	485,597
Capital expenditure[3]	497,567	134,893	45,118	677,578

1 This amount excludes expected credit losses.
2 The share in results of associates and joint ventures includes the share in profit of associates and joint ventures presented as such in the profit and loss account and the share of interest income presented as part of financial income and expenses that is attributable to investments in and receivables on associates.
3 Capital expenditures include assets under construction for operating activities, investment properties and intangible fixed assets.

2022

(in thousands of euros)	Aviation	Schiphol Commercial	Alliances & Participations	Total
Airport charges	821,309	-	80,164	901,473
Concessions	12,875	138,897	10,710	162,482
Rent and leases	258	215,475	6,211	221,944
Parking fees	-	102,960	24,643	127,603
Other activities	36,090	34,290	115,605	185,985
Total revenue	**870,531**	**491,622**	**237,333**	**1,599,487**
Intercompany revenue	-620	-32,195	-76,081	-108,896
Revenue	**869,911**	**459,427**	**161,252**	**1,490,591**
Other results from investment property	-	-192,501	869	-191,632
Impairment[1]	-1,587	-1,062	-1,335	-3,983
Depreciation and amortisation	-222,282	-66,155	-38,606	-327,043
Operating result	-191,936	29,121	11,275	-151,541
Share in results of associates and joint ventures[2]	1,428	-6,771	46,180	40,837
Total assets	4,617,278	3,715,895	1,270,597	9,603,770
Total non-current assets (excl. deferred tax)	3,487,983	2,807,061	959,940	7,254,984
Investments in associates and joint ventures	3,009	135,987	353,332	492,328
Capital expenditure[3]	245,890	151,575	46,247	443,713

1 This amount excludes expected credit losses.
2 The share in results of associates and joint ventures includes the share in profit of associates and joint ventures presented as such in the profit and loss account and the share of interest income presented as part of financial income and expenses that is attributable to investments in and receivables on associates.
3 Capital expenditures include assets under construction for operating activities, investment properties and intangible fixed assets.

Aviation

	Aviation		Security		Total	
(in thousands of euros)	**2023**	2022	**2023**	2022	**2023**	2022
Airport charges	**698,285**	536,417	**373,459**	284,892	**1,071,744**	821,309
Concessions	**15,438**	12,875	**-**	-	**15,438**	12,875
Rent and leases	**99**	93	**215**	165	**314**	258
Other activities	**46,982**	30,244	**6,026**	5,846	**53,008**	36,090
Total revenue	**760,804**	**579,628**	**379,700**	**290,903**	**1,140,504**	**870,531**
Intercompany revenue	**-928**	-853	**-225**	232	**-1,153**	-620
Revenue	**759,876**	**578,775**	**379,475**	**291,136**	**1,139,351**	**869,911**
Depreciation and amortisation	**-187,839**	-172,832	**-47,309**	-49,450	**-235,148**	-222,282
Impairment[1]	**-1,942**	-1,384	**-24**	-203	**-1,966**	-1,587
Operating result	**-40,029**	-140,320	**-72,970**	-51,617	**-112,999**	-191,936
Share in results of associates and joint ventures[2]	**1,165**	1,428	**-**	-	**1,165**	1,428
Total assets	**4,133,559**	4,032,983	**561,391**	584,294	**4,694,950**	4,617,278
Total non-current assets (excl. deferred tax)	**3,304,350**	3,046,596	**448,787**	441,387	**3,753,137**	3,487,983
Investments in associates and joint ventures	**4,173**	3,009	**-**	-	**4,173**	3,009
Capital expenditure[3]	**442,870**	188,546	**54,697**	57,345	**497,567**	245,890

1 This amount excludes expected credit losses.
2 The share in results of associates and joint ventures includes the share in profit of associates and joint ventures presented as such in the profit and loss account and the share of interest income presented as part of financial income and expenses that is attributable to investments in and receivables on associates.
3 Capital expenditures include assets under construction for operating activities, investment properties and intangible fixed assets.

Schiphol Commercial

	Concessions		Parking & Mobility Services		Commercial Real Estate		Terminal Real Estate		Other		Total	
(in thousands of euros)	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Concessions	**166,296**	129,960	**8,847**	8,036	**1,122**	901	**-**	-	**-**	-	**176,265**	138,897
Rent and leases	**17,589**	16,765	**218**	284	**143,901**	143,136	**58,378**	55,292	**-**	-1	**220,086**	215,475
Parking fees	**-**	-	**116,571**	97,264	**6,429**	5,696	**-**	-	**-**	-	**123,000**	102,960
Other activities	**762**	836	**1,374**	1,698	**2,601**	1,943	**196**	161	**39,611**	29,653	**44,544**	34,290
Total revenue	**184,647**	**147,561**	**127,010**	**107,281**	**154,053**	**151,675**	**58,574**	**55,452**	**39,611**	**29,652**	**563,894**	**491,622**
Intercompany revenue	**-543**	-453	**-2,283**	-2,042	**-22,639**	-19,787	**-10,274**	-9,226	**-199**	-686	**-35,938**	-32,195
Revenue	**184,104**	**147,108**	**124,727**	**105,239**	**131,414**	**131,888**	**48,300**	**46,226**	**39,411**	**28,966**	**527,956**	**459,427**
Other income and results from investment property	**-**	-	**-**	-	**-152,313**	-192,501	**-**	-	**-**	-	**-152,313**	-192,501
Depreciation and amortisation	**-17,784**	-17,019	**-19,900**	-19,486	**-6,550**	-5,962	**-19,668**	-19,007	**-3,908**	-4,681	**-67,809**	-66,155
Impairment[1]	**-3**	-215	**-2**	-171	**-4,061**	-336	**18**	-86	**-499**	-255	**-4,548**	-1,062
Operating result	**116,910**	94,700	**51,226**	40,462	**-79,183**	-111,715	**-6,070**	803	**7,883**	4,870	**90,766**	29,121
Share in results of associates and joint ventures[2]	**1,557**	-9,520	**-**	-	**1,865**	2,748	**-**	-	**-**	-	**3,422**	-6,771
Total assets	**301,581**	296,112	**377,272**	378,765	**2,265,868**	2,591,788	**410,566**	412,854	**34,033**	36,376	**3,389,319**	3,715,895
Total non-current assets (excl. deferred tax)	**241,091**	223,689	**301,599**	286,127	**1,811,379**	1,957,888	**328,214**	311,878	**27,206**	27,479	**2,709,489**	2,807,061
Investments in associates and joint ventures	**8,076**	6,519	**-**	-	**130,198**	129,468	**-**	-	**-**	-	**138,274**	135,987
Capital expenditure[3]	**33,879**	15,227	**36,124**	18,699	**25,638**	97,122	**35,994**	15,258	**3,258**	5,269	**134,893**	151,575

1 This amount excludes expected credit losses.
2 The share in results of associates and joint ventures includes the share in profit of associates and joint ventures presented as such in the profit and loss account and the share of interest income presented as part of financial income and expenses that is attributable to investments in and receivables on associates.
3 Capital expenditures include assets under construction for operating activities, investment properties and intangible fixed assets.

Alliances & Participations

(in thousands of euros)	International airports 2023	International airports 2022	Domestic airports 2023	Domestic airports 2022	Other activities[1] 2023	Other activities[1] 2022	Total 2023	Total 2022
Airport charges	-	-	85,990	80,164	-	-	85,990	80,164
Concessions	-	-	13,281	10,710	-	-	13,281	10,710
Rent and leases	-	-	6,592	6,210	1	1	6,592	6,211
Parking fees	-	-	30,085	24,643	-	-	30,085	24,643
Other activities	16,612	12,715	6,959	6,183	100,897	96,707	124,468	115,605
Total revenue	**16,612**	**12,715**	**142,906**	**127,911**	**100,898**	**96,707**	**260,416**	**237,333**
Intercompany revenue	-3	-3	-674	-1,238	-75,074	-74,840	-75,751	-76,081
Revenue	**16,609**	**12,712**	**142,232**	**126,673**	**25,824**	**21,867**	**184,665**	**161,252**
Other results from investment property	-	-	1,718	869	-	-	1,718	869
Depreciation and amortisation	-1,424	-1,500	-21,594	-21,993	-11,686	-15,112	-34,704	-38,605
Impairment[2]	-	-1	-40	-737	68	-596	28	-1,335
Operating result	9,419	-242	9,117	7,413	9,575	4,104	28,111	11,275
Share in results of associates and joint ventures[3]	27,268	45,749	-	-	3,776	431	31,044	46,180
Total assets	607,032	694,985	400,924	430,185	162,020	145,427	1,169,975	1,270,597
Total non-current assets (excl. deferred tax)	485,273	525,005	320,506	324,970	129,522	109,964	935,301	959,940
Investments in associates and joint ventures	330,293	346,574	-	-	12,857	6,759	343,150	353,332
Capital expenditure[4]	3,496	1,157	16,272	17,093	25,350	27,998	45,118	46,247

1 The other activities include revenues from Utilities (supply of gas, electricity and water) and telecommunication services.
2 This amount excludes expected credit losses.
3 The share in results of associates and joint ventures includes the share in profit of associates and joint ventures presented as such in the profit and loss account and the share of interest income presented as part of financial income and expenses that is attributable to investments in and receivables on associates.
4 Capital expenditures include assets under construction for operating activities, investment properties and intangible fixed assets.

Notes to the consolidated statement of income

1. Revenue

Schiphol Group has recovered significantly from the effects of the COVID-19 pandemic during 2023, which resulted in an increase in passenger numbers (17%) and ATMs (10%). This had a positive impact on revenue recognised on airport charges, spend per arriving/departing passenger resulting in higher concession revenues and parking fees. The breakdown of the revenue as discussed in the following sections include intercompany revenues that are eliminated upon consolidations.

Airport charges

Revenue from airport charges increased compared to 2022 as a result of increased activities, an increase of 12% of the Amsterdam Airport Schiphol airport charges and as of Q2 2022 no rebates were granted on airport charges. These rebates during Q1 2022 amounted to 2 million euros and included payment discounts for early settlement as well as a rebate on landing and take-off (LTO) charges.

(in thousands of euros)	2023	2022
Passenger service charges	493,440	380,484
Security service charges	405,356	311,893
Aircraft-related fees	225,114	182,846
Aircraft parking fees	7,469	6,969
Airline nitrogen fees	26,355	19,281
Total airport charges	**1,157,734**	**901,473**

The activities of the Aviation business area (at Amsterdam Airport Schiphol) are regulated. Under the Aviation Act, Royal Schiphol Group N.V. settles surplus or deficits from specified revenues and expenses with the industry. In accordance with IFRSs endorsed by the EU, surpluses and deficits, eligible for settlement in future airport charge rates, are not recognised as assets and liabilities in the statement of financial position. If the specified revenue exceeds the specified cost in a year the difference will become a surplus (owed to the sector). If the specified revenue is less than the specified costs it will result into a deficit (receivable from the sector). On a yearly basis a Regulary Account is drafted including these specified income and expenses. The following table provides an overview of surpluses and deficits per financial year as well as the timing of the expected settlement in future airport charge rates.

	Surplus (+) or deficit (-/-)	Not included in charges	Included in charges before 1 April 2022	1 April 2022	1 April 2023	1 April 2024	1 April 2025	1 April 2026
2018	0.6	-	0.4	0.2	-	-	-	-
2019	-18.9	-	-6.3	-6.3	-6.3	-	-	-
2020	-528.5	-45.6	-	50.9	-184.3	-349.5	-	-
2021	-519.7	-	-	-	33.6	30.5	-315.7	-268.1
2022	-114.3	-21.7	-	-	-	-29.9	-30.9	-31.8
		-67.3	**-5.9**	**44.8**	**-157.0**	**-348.9**	**-346.6**	**-299.9**

In May 2023,the Regulatory Accounts 2022 was published, which included a deficit of 114.3 million. In October 2023, Schiphol adjusted the charges for 2024 by incorporating the effect of the 2022 settlement (as shown in the table above).

As a result of airlines views Schiphol adjusted the 2022 settlement as published in the Regulatory Accounts for a total amount of 21.7 million euros (shown in table as 'not included in charges'). This amount consists the following adjustments:

1. Adjustment flow management (1.1 million euros) in favour of the airlines.
2. Adjustment for the estimated effect of the terminal parameter (21.6 million euros) in favour of the airlines.
3. Withdrawing the costs that were presented under 'Exceptional and Unforeseen' (2.5 million euros) to the disadvantages of the airlines (NB: Schiphol reserves the right to include costs included in this category as settlements in future charges).
4. Corresponding effect of interest as a result of the three previous changes (1.5 million euros) in favour of the airlines.

After adjustments, the 2022 deficit (receivable) amounts to 92.6 million euros. The settlement is divided into 3 parts: a traffic and transport related part of 85.0 million euros receivable, a non-traffic and transport related part of 1.2 million euros receivable and an interest part of 6.4 million euros receivable.

The settlement 2022 is included in three equal parts to be incorporated in the charges 2024 - 2026. As a result, the final charges as of 1 April 2024 will increase on average with 14.8%.

The amount to be settled for 2023 is expected to be a deficit of around 105 - 115 million euros. The final settlement will be included and explained extensively in the Regulatory Accounts of 2023.

The 2023 Regulatory Accounts will be published on 31 May 2024 (at the latest). Thereafter, the settlement will be included in the consultation of the airport charges for the period running from 2025 till 2027.

As of 1 April 2023 the airport charges increased with 12% in line with the consultation. However, a number of airlines and representative organisations submitted complaints to the regulator in response to Schiphol's final setting of the 2023 airport charges. The regulator (Dutch Authority for Consumers & Markets) concluded in March 2023 that the airport charges and conditions as proposed by Schiphol are in accordance with the Aviation Act.

A number of airlines and representative organisations have submitted complaints to the regulator in response to Schiphol's final setting of airport charges 2022-2024. The regulator (Dutch Authority for Consumers & Markets) concluded in April 2022 that airport charges and conditions as proposed by Schiphol are in accordance with the Aviation Act. One complaint is partially justified, however, this does not justify the conclusion that charges and conditions would be contrary to rules laid down by or pursuant to the Aviation Act. A number of airlines disagree with the decision of the ACM (for both 2023 and 2022) and appealed to the CBb (College van Beroep voor het bedrijfsleven). The CBb is in the process of assessing the appeal.

The tariffs at Eindhoven Airport have been regulated since 1 April 2019. Contrary to Amsterdam Airport Schiphol, Eindhoven Airport is not required to settle surpluses and deficits with the industry. No regulatory procedures apply to Rotterdam The Hague Airport and Lelystad Airport.

Concessions

(in thousands of euros)	2023	2022
Shops Retail Airside	102,073	84,836
Food and beverage	46,683	37,598
Oil companies	14,052	11,581
Shops Plaza	4,795	8,079
Other	37,381	20,388
Total concessions	**204,984**	**162,482**

In 2023 Schiphol Group's sub reporting segment Concessions, which is part of the Schiphol Commercial reporting segment, had 101 effective concession contracts (2022: 105) for a range of commercial activities at Amsterdam Airport Schiphol.

The following table provides an overview of the undiscounted fixed lease payments for rent and concessions (excluding payments conditional on factors other than the passing of time, e.g. percentage of revenue and price indices) expected to be received from these contracts, based on the current expiration date of the contracts:

	2023	2024	2025	2026	2027	>2028
Fixed lease payments from current contracts (in thousands of euros)	12,198	8,435	6,358	5,694	3,198	1,317
Percentage of contracts that will expire	31%	17%	5%	20%	15%	11%

Revenue of 15 million euros from concessions included in the Aviation segment (12 million euros in 2022) and 9 million euros in the Parking segment (8 million euros in 2022) relates to concession agreements for the third-party supply of aviation fuel and car rental services at the airport respectively. Concession revenue received from Schiphol Airport Retail B.V. (an associate of Schiphol Group) is 26.9 million euros (2022: 20.6 million euros).

Rent and leases

(in thousands of euros)	2023	2022
Investment property: buildings	67,885	63,693
Operating property	62,232	57,109
Service charges	31,317	37,914
Investment property: land	32,639	34,308
Intercompany revenue	32,919	28,918
Total rent and leases	**226,992**	**221,944**

Average occupancy in the Real Estate segment amounted to 94.3% in 2023 (94.4% in 2022). The following table provides an overview of the years in which the current rent and lease contracts will expire for activities at Amsterdam Airport Schiphol and Rotterdam The Hague Airport, as well as the undiscounted fixed lease payments for rent (excluding payments conditional on factors other than the passing of time, e.g. degree of use in respect of service costs and price indices) expected to be received from these contracts until their expiry:

	2023	2024	2025	2026	>2027
Fixed lease payments from current contracts (in millions of euros)	157	120	91	71	57
Percentage of contracts that will expire	24%	19%	13%	9%	35%

Property management expenses divided into occupied and unoccupied buildings can be broken down as follows:

(in thousands of euros)	2023	2022
Occupied buildings	81,087	59,680
Unoccupied buildings	4,901	3,547
Total property management expenses	**85,988**	**63,227**

If buildings are partially leased, the property management expenses have been apportioned based on floor area.

Parking fees

(in thousands of euros)	2023	2022
Public parking revenues	95,125	76,629
Business parking	25,240	23,898
	120,365	**100,528**
Parking at other locations	30,055	24,675
Intercompany revenue	2,665	2,400
Total parking fees	**153,085**	**127,603**

Parking revenues at other locations relate to parking at the airports of Rotterdam The Hague, Eindhoven and Lelystad and are included in the Domestic Airports segment.

As part of the business parking fees and intercompany revenue, an amount of 6.4 million euros (2022: 5.7 million euros) is obtained from investment properties of the Commercial Real Estate business area. The income is related to the objects included in note 9. Investment property.

Other activities

(in thousands of euros)	2023	2022
Advertising	15,678	13,149
Telecommunication services	16,133	14,817
JFK IAT related fees	11,014	7,293
Electricity, gas and water	8,888	6,968
Services and activities on behalf of third parties	5,223	3,685
Hotel activities	4,014	3,626
Premium services	23,998	12,530
Persons reduced mobility	38,690	11,634
Other operating income	21,125	34,705
Intercompany revenue	77,257	77,578
Total other activities	**222,020**	**185,985**

2. Other results from investment property

(in thousands of euros)	2023	2022
Gain/ (loss) on changes in fair value of buildings	-131,812	-144,137
Gain/ (loss) on changes in fair value of land	-13,487	-11,725
Gain/ (loss) on changes in fair value of assets under construction	-5,296	-35,770
Total fair value gains and losses	**-150,595**	**-191,632**
Total other revenues from investment property	**-150,595**	**-191,632**

Fair value gains and losses

Investment property is measured at fair value. The fair value of buildings recognised under investment property is appraised twice a year by independent external valuators commissioned by the Management Board. The fair value of land recognised under investment property is appraised primarily on the basis of internal valuations. In addition, each year a different part of the land positions is appraised by independent external valuators. Fair value gains and losses are recognised in the statement of income in the year in which they arise. The assumptions applied in determining the market value are explained in note 9 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 past year, due to the rise in interest rates in the capital market and reduced demand due to 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.

3. Outsourcing and other external costs

(in thousands of euros)	2023	2022
Security	287,602	193,795
Subcontracted activities	143,774	112,938
Maintenance	166,157	147,589
Hired temporary staff	87,790	57,402
Cleaning	44,923	41,623
Advisory and audit fees	45,408	33,403
Insurance and government levies	31,471	31,936
Energy and water	36,313	39,523
Costs related to investments	28,538	1,876
Costs related to cloud applications	7,712	22,983
Commercial expenses	20,960	16,024
Outsourced work (IT, HR related an other)	96,803	86,810
Mobility cost	26,647	22,507
Other expenses (such as general expenses, rents and leasing)	36,965	69,451
Total cost of outsourced work and other external costs	**1,061,063**	**877,859**

Cost of outsourced work and other external costs increased as a result of increased due to the increased traffic numbers and the recovery from the COVID-19 pandemic in operations.

The subcontracted activities comprise a broad range of outsourced activities related to airport processes, such as the outsourcing of bus transport services, the services to people with reduced mobility and the lost and found process.

The expenses on configuration, customisation and development of the software, which do not create a resource controlled by Schiphol, are recognised as incurred expenses under the Cost related to cloud application line. The volume of software support and development projects increase compared to 2022, primarily driven by the external labour costs while less costs were incurred on general investment components of IT projects.

Auditor’s fees

(in thousands of euros)	2023	2022
Audit of the financial statements	1,027	1,207
Other audit services	640	949
Total auditor's fees	**1,667**	**2,156**

The auditor’s fees concern activities carried out at Schiphol Group and the consolidated group companies by the audit firm as referred to in Section 1(1) of the Dutch Audit Firms Supervision Act and represent the fees charged by the entire network of which the audit firm is part. The audit of the financial statements includes the consolidated financial statements and the audit of the entities that are part of the consolidation. The other audit services rendered by the auditor include the assurance report on socio-economic accountability, a review of interim financial information, an audit of financial statements for regulatory purposes, several agreed-upon procedures for regulatory purposes and NOW government grant audits and procedures for the EMTN prospectuses. The fees of KPMG Accountants N.V. amount to 1.6 million euros (2022: 2.1 million euros) while the fees for activities performed by other members of the KPMG network amount to 0.1 million euros (2022: 0.1 million euros).

4. Employee benefits expense

The average number of employees at Royal Schiphol Group N.V. and its subsidiaries on a full-time equivalent basis was 2,820 (2022: 2,487).

Schiphol Group applied for government grants (Noodmaatregel Overbrugging Werkgelegenheid, NOW) for a total amount of 206.7 million euros for the 2020, 2021 and 2022 financial years. These support grants were temporary governmental compensation for labour costs and are granted to companies that lost a substantial amount of income due to the pandemic. Schiphol complied with the following conditions for the 2020, 2021 and 2022 financial years regarding the NOW subsidies: no distribution of dividends, no buy back of shares (for the operating companies of Schiphol), no payment of bonuses to the Board and provision of training and development to personnel. Certain aspects regarding the decrease in revenue and personnel development costs relating to the government grants (NOW) are subject to an external audit and all audits have been finalised without significant adjustments.

The internal hours capitalised relate to time spent by employees in the realisation phases of investment projects. Other staff costs include training costs and travel expenses. The costs of post-retirement benefits, other long-term employee benefits and termination and unemployment benefits are explained in more detail in note 21 Employee benefits. For an explanation of the remuneration of Supervisory and Management Board members under Section 2:383c of the Dutch Civil Code, reference is made to the section entitled Related party disclosures. In this section also the remuneration of Key Management personnel is included.

(in thousands of euros)	2023	2022
Short-term employee benefits	230,585	187,909
Post-retirement benefits	35,710	34,387
Other long-term employee benefits	3,930	3,426
Termination and unemployment benefits	1,967	2,150
Other staff costs	18,098	13,744
Total employee benefits	**290,290**	**241,616**

(in thousands of euros)	2023	2022
Salaries	231,986	199,150
Social charges	27,354	22,006
Internal hours capitalised	-28,755	-22,836
NOW government grants received	-	-10,411
Total short-term employee benefits	**230,585**	**187,909**
Pension charges (defined contribution plans)	34,784	33,689
Early retirement benefits	926	698
Total post-retirement benefits	**35,710**	**34,387**
Jubilee benefits	581	545
Other employee benefits	3,349	2,881
Total other long-term employee benefits	**3,930**	**3,426**

5. Depreciation, amortisation and impairment expenses

(in thousands of euros)	2023	2022
Contract-related assets	1,409	1,444
ICT development	14,213	12,541
Software licences	7,094	6,308
Intangible assets	**22,716**	**20,293**
Runways, taxiways and aprons	36,041	34,403
Paved areas and roads	24,443	20,040
Buildings	68,780	66,155
Installations	123,105	121,883
Other assets	51,824	57,685
Assets used for operating activities	**304,193**	**300,166**
Depreciation and amortisation in relation to disposals	10,752	6,584
Impairments related to financial assets	635	3,933
Impairments related to non-financial assets	5,851	50
Total depreciation, amortisation and impairments	**344,147**	**331,025**

Schiphol reports a disposal of 10.8 million euro, of which 9.6 million euro is a result of early retirement of particular assets replaced during the maintenance cycle. See note 6 Intangible assets for additional information on the amortisation of contract-related assets and note 7 Assets used for operating activities for information on the depreciation of assets. Information on impairments is provided in note 9 Investment property and note 26 Management of financial risks and financial instruments for more information on the impairments related to financial assets.

Notes to the consolidated statement of financial position

6. Intangible assets

(in thousands of euros)	Contract-related assets	ICT development	Software licences	Software under development	Nitrogen rights	Total
Carrying amount as at 1 January 2022	**29,457**	**27,460**	**6,504**	**43,805**	**-**	**107,225**
Movements in 2022						
Additions	-	-	-	34,870	-	34,870
Completions	-	31,675	2,050	-24,575	-	9,150
Acquisitions	-	-	-	-	7,461	7,461
Amortisation	-1,444	-12,541	-6,308	-	-	-20,293
Reclassification	-	-	107	-9,501	-	-9,394
Disposals	-	-15	-146	-	-	-161
Exchange differences	1,852	-	-	-	-	1,852
Other	-	-	-	549	-	549
Total movements in the year	**408**	**19,119**	**-4,297**	**1,342**	**7,461**	**24,034**
Analysis as at 31 December 2022						
Cost	40,462	99,809	38,497	45,148	7,461	231,376
Accumulated amortisation and impairment	-10,597	-53,230	-36,290	-	-	-100,117
Carrying amount as at 31 December 2022	**29,865**	**46,579**	**2,207**	**45,148**	**7,461**	**131,259**

Contract-related assets

Contract-related assets concern the interest in JFKIAT Member LLC acquired upon the acquisition of activities from third parties. The activities comprise the service concession arrangement between the Port Authority of New York and New Jersey (hereafter 'Port Authority') and JFKIAT LLC (a subsidiary of JFKIAT Member LLC). Under the arrangement, JFKIAT LLC provides airport terminal-, and retail management services in terminal 4 at JFK International Airport. It is established that, through the contractual provisions in the arrangement, the Port Authority has control over these activities. As a consequence, the interest in JFKIAT LLC is not consolidated, but reported as a contract-related asset.

The contract-related asset is amortised on a straight-line basis over the remaining term of the arrangement, being 19.5 years. Income realised under the arrangement is for the most part fixed and reported under 'revenue from other activities'. Schiphol Group has no obligation to provide additional contributions. No indication of impairment was identified for the contract-related assets as Schiphol Group continued to receive the agreed fee during the 2023 financial year.

ICT development

The category ICT development comprises the capitalised internally developed ICT applications, while software licences comprise the externally acquired ICT applications.

Nitrogen rights

At the end of 2023, Schiphol Group held for an amount of 8.4 million euros (2022: 7.5 million euros), nitrogen rights to compensate for the nitrogen emission activities. The nitrogen rights are initially valued at cost and have an indefinite useful life. The recoverable amount exceeds the carrying amount.

(in thousands of euros)	Contract-related assets	ICT development	Software licences	Software under development	Nitrogen rights	Total
Carrying amount as at 31 December 2022	**29,865**	**46,579**	**2,207**	**45,148**	**7,461**	**131,259**
Movements in 2023						
Additions	-	-	-	52,217	892	53,109
Completions	-	8,797	7,847	-3,310	-	13,334
Amortisation	-1,409	-14,213	-7,094	-	-	-22,716
Impairment	-	-	-	-195	-	-195
Reclassification	-	-	230	-14,492	-	-14,262
Disposals	-	-452	-160	-	-	-612
Exchange differences	-874	-	-	-	-	-874
Other	-	-	480	-46	-	434
Total movements in the year	**-2,283**	**-5,868**	**1,303**	**34,174**	**892**	**28,218**
Analysis as at 31 December 2023						
Cost	39,588	96,383	41,668	79,321	8,353	265,313
Accumulated amortisation and impairment	-12,006	-56,109	-38,171	-	-	-106,286
Carrying amount as at 31 December 2023	**27,582**	**40,274**	**3,497**	**79,321**	**8,353**	**159,027**

7. Assets used for operating activities

(in thousands of euros)	Runways, taxiways and aprons	Paved areas, roads etc.	Buildings	Installations	Other assets	Total
Carrying amount as at 1 January 2022	**517,853**	**593,687**	**1,117,229**	**956,051**	**313,469**	3,498,289
Movements in 2022						
Completions	33,372	91,853	24,686	117,019	-42,672	**224,256**
Depreciation	-34,403	-20,040	-66,155	-121,840	-57,728	**-300,166**
Acquisitions	303	70	785	4,021	4,133	**9,313**
Disposals	-4,169	-	-389	-785	-362	**-5,705**
Reclassification	-21	-	17,443	-137	240	**17,526**
Total movements in the year	**-4,918**	**71,883**	**-23,630**	**-1,722**	**-96,389**	**-54,776**
Analysis as at 31 December 2022						
Cost	1,076,766	967,293	2,068,270	2,652,351	645,800	**7,410,481**
Accumulated depreciation and impairment	-563,831	-301,723	-974,671	-1,698,021	-428,721	**-3,966,967**
Carrying amount as at 31 December 2022	**512,935**	**665,570**	**1,093,599**	**954,330**	**217,079**	**3,443,513**
Carrying amount as at 1 January 2023	**512,935**	**665,570**	**1,093,599**	**954,330**	**217,079**	**3,443,513**
Movements in 2023						
Capital expenditure	-	-	-	-	116	**116**
Completions	78,144	28,737	30,653	106,938	49,919	**294,391**
Depreciation	-36,041	-24,443	-68,780	-123,105	-51,824	**-304,193**
Disposals	-2,572	-653	-1	-6,063	-927	**-10,216**
Other	0	-3,133	1,334	-245	-230	**-2,274**
Reclassification	-93	1,298	-1,468	598	-2,558	**-2,223**
Total movements in the year	**39,438**	**1,806**	**-38,262**	**-21,877**	**-5,504**	**-24,399**
Analysis as at 31 December 2023						
Cost	1,138,990	996,095	2,090,528	2,743,264	656,011	**7,624,888**
Accumulated depreciation and impairment	-586,615	-328,719	-1,035,190	-1,810,812	-444,436	**-4,205,774**
Carrying amount as at 31 December 2023	**552,373**	**667,376**	**1,055,337**	**932,453**	**211,575**	**3,419,114**

During the year, the following projects were (partly) completed:	Runways, taxiways and aprons	Paved areas, roads etc.	Buildings	Installations	Other assets	Total
Programme: Major maintenance on aprons, runsways and taxiways	30,513	14,645	4,901	55,486	6,159	111,704
Programme: Airside Maintenance	23,712	7,391	-	29,829	-	60,933
Capital programme / A-Pier	15,201	245	8,415	1,063	-	24,924
Redevelopment Terminal 1	-	-	3,553	4,572	4,018	12,142
Eindhoven Airport	936	231	6,486	1,917	377	9,946
Upgrade Piers	-	-	3,993	525	2,960	7,478
PFOS	-	-7,072	-	-	13,800	6,728
Safety	-	4,470	134	1,138	945	6,687
Security-Sceening	-	-	-	914	4,673	5,587
Maintenance Parking	-	3,347	1,477	611	-	5,435
Rotterdam Airport	-460	441	1,044	2,802	1,498	5,324
Security Surveillance	-	-	-	-	4,295	4,295
Sustainability	-	-	-	2,702	-	2,702
Storm Water Drainage	-	2,524	-	-	-	2,524
ST Fiber	306	1,835	-	-	-	2,141
Fleet management	-	-	-	339	1,799	2,138
Fire Safety	-	-	1,650	427	18	2,095
Capacity Management Fiber	-	-	-	1,643	-	1,643
Premium Services	-	-	969	123	295	1,387
Other	7,936	680	-1,969	2,847	9,082	18,577
Total completions during the year	**78,144**	**28,737**	**30,653**	**106,938**	**49,919**	**294,391**

In the course of 2022, 17.4 million euros of assets were reclassified from items of Investment property to the buildings used for operating activity due to the change of intended use to owner-occupied premises and land. Schiphol reports a disposal of 10.8 million euro, of which 9.6 million euro is a result of early retirement of particular assets replaced during the maintenance cycle.

Part of the assets used for operating activities as presented in the before concerns right-of-use assets. The movement in right-of-use assets during 2023 was as follows:

(in thousands of euros)	Buildings	Other assets	Right of use assets
Carrying amount as at 1 January 2023	**1,791**	**12,958**	**14,749**
Movements 2023			
Additions	-	5,754	5,754
Depreciation	-248	-6,102	-6,350
Derecognition	-	-74	-74
Total movements	**-248**	**-422**	**-670**
Carrying amount as at 31 December 2023	**1,543**	**12,536**	**14,079**

8. Assets under construction or development

(in thousands of euros)	Assets under construction for operating activities
Carrying amount as at 1 January 2022	**1,183,541**
Movements in 2022	
Capital expenditure	333,916
Capitalised construction period borrowing cost	8,140
Completed assets	-230,035
Acquisitions	1,146
Disposals	-717
Reclassification	9,501
Other	-109
Total movements in the year	**121,842**
Carrying amount as at 31 December 2022	**1,305,383**
Movements in 2023	
Capital expenditure	577,105
Capitalised construction period borrowing cost	9,985
Completed assets	-301,436
Impairment	-3,306
Reclassification	14,492
Other	533
Total movements in the year	**297,373**
Carrying amount as at 31 December 2023	**1,602,756**

The capitalisation of construction period interest is calculated by applying a percentage rate of 1.06% (2022: 1.06%). A total amount of 10.0 million euros was capitalised during the 2023 financial year relating to various construction projects (2022: 8.1 million euros).

At 31 December 2023, the total carrying amount of the Lelystad Airport assets amounted to 97 million euros (2022: 96 million euros). This includes all assets under the following categories: intangible assets, assets used for operating activities, assets under construction or development and investment property.

(in thousands of euros)	Assets under construction for operating activities
Capital expenditures relate to the following projects:	
Capital programme/ A-Pier	153,143
Programme: Major maintenance on Apons, Runwaysand taxiways	99,206
Programme: Airside Maintenance	57,076
Redevelopment Terminal 1	48,111
Southern Development Phase 1	16,587
Developments SouthEast	15,165
Dual Taxi System	14,627
PFOS	13,772
Baggage Lifting Aids	12,643
Resting Areas (RASCI)	11,154
Masterplan Power Grid	10,142
European Entry/Exit System	9,421
BP-S-Security-Screening	8,098
Digital DnA	8,029
Taxiway Sierra 1	7,555
Mid Term Plan (MTP)	6,281
Sustainability	5,655
Maintenance Parking	5,593
Other	74,847
Total capital expenditures in the year	**577,105**

Under the 2008 Alders Agreement, Lelystad Airport is intended to serve as an overflow airport for Schiphol for non-mainport traffic. The opening of Lelystad Airport has been postponed several times. On 24 June 2022, the political decision on the opening was postponed by two years to 2024, and it hinged on Lelystad Airport fulfilling two requirements: (1) It must obtain a nature permit and (2) a solution must be found for the flight altitude of aircraft approaching the airport over a distance of 30 kilometres near Lemelerveld. Regarding the first requirement, Lelystad Airport expects to acquire the nature permit in the first half of 2024. Regarding the second requirement, in December 2023, Air Traffic Control Netherlands (LVNL) sent a letter to the Ministry of Infrastructure and Water Management (I&W), stating that closing sector 3 (a low flight path) is an appropriate measure. If Lelystad Airport obtains the nature permit, it will comply with the two requirements set by the Minister of Infrastructure and Water Management. On this basis, no impairment is deemed necessary based on the current government decision to delay the opening.

The construction of the new pier A is in progress. The collaboration with the construction consortium Ballast-Nedam TAV ended in 2021. In 2022, Schiphol hired a new contractor to complete Pier A. Reference is made to note 25 Contingent assets and liabilities for the status on the BN-TAV claims with regards to the construction of Pier A.

In the coming years, substantial investments were planned to create capacity, quality and accessibility. As a result of the pandemic, the investment portfolio has been adjusted. This also includes the postponement of the construction of the new Schiphol terminal. Management is carefully assessing when to restart the project.

9. Investment property

Buildings and land

All building and land properties are measured at fair value. The fair value is based on the market value, being the estimated amount for which investment property can be traded on the valuation date between a buyer and a seller willing to do business in an objective, arm's length transaction. The calculation of the cash flows, which is a factor in determining the fair value at which investment property is stated in the balance sheet, takes into account the lease incentives granted. After all, the lease incentives are recognised separately as assets on the balance sheet under other non-current receivables: 9 million euros as at 31 December 2023 (2022: 11 million euros)) and trade and other receivables 4 million euros as at 31 December 2023 (2022: 4 million euros).

As at 31 December 2023, 100% (2022: 100%) of the buildings and 17% (2022: 11.2%) of the land is appraised by independent external appraisers. The remaining fair value of land is based on internal valuations with reference to externally validated input variables.

Details of the result on property sales and fair value gains and losses on investment property can be found in note 2 Other results from investment property.

All investment property classifies as a level 3 valuation. The Dutch Register of Real Estate Valuers (Nederlands Register Vastgoed Taxateurs (NRVT)), established in October 2015, is tasked with safeguarding and enhancing the quality of appraisers. The general conduct and professional rules and regulations of the NRVT are the new market standard appraisers have to comply with. That standard is based on IFRS and international valuation guidelines. All our external appraisers are NRVT members. The valuation method is described in more detail on the next page.

(in thousands of euros)	Buildings	Land	Assets under construction	Total
Carrying amount as at 1 January 2022	**1,245,950**	**430,807**	**145,623**	**1,822,380**
Movements in 2022				
Capitalised construction borrowing cost	-	-	74,927	74,927
Completed assets	14,619	39	-17,094	-2,436
Fair value gains and losses	-144,137	-11,725	-35,770	-191,632
Acquisitions	15,971	-	-	15,971
Reclassification	-7,600	-9,672	-1,547	-18,819
Other	-685	-	-	-685
Total movements in the year	**-121,832**	**-21,358**	**20,516**	**-122,674**
Carrying amount as at 31 December 2022	**1,124,118**	**409,449**	**166,139**	**1,699,706**
Movements in 2023				
Capital expenditure	672	-	46,692	47,364
Completed assets	10,625	3,770	-14,929	-534
Impairment	-	-	-2,565	-2,565
Fair value gains and losses	-131,812	-13,487	-5,296	-150,595
Deconsolidation	-158	-	-	-158
Other	2,953	-1,606	1,980	3,327
Reclassification	2,264	5,187	-5,458	1,993
Total movements in the year	**-115,456**	**-6,136**	**20,424**	**-101,168**
Carrying amount as at 31 December 2023	**1,008,662**	**403,313**	**186,563**	**1,598,538**
Measured at				
Cost model	-	-	45,602	45,602
Fair value model	1,008,662	403,313	140,961	1,552,936

Valuation method for buildings

The valuation method used is a combination of the net initial yield (NIY) method and the discounted cash flow (DCF) method. The NIY method uses a net market rent which is capitalised with an NIY and adjusted for all elements that differ from the market assumptions. The NIY is determined on the basis of comparable market transactions supplemented with market and object-specific knowledge. Deviating assumptions include contractual rent, vacancy information, deferred maintenance and rent holidays. The DCF method estimated net cash flows are discounted at a risk-adjusted discount rate, which includes specific object and location assumptions.

Investment property under construction

Assets under construction for the development of investment properties are measured at fair value if the value can be measured reliably. The investment property under construction includes land positions held for future investment property development or land with undetermined future use (operational or commercial development). Since the development plans are subject to annual changes, they are inadequate to determine the fair value on a continuing basis. For this reason, these land positions are measured in accordance with the cost model. No significant impairments were required for 2023 (2022: none).

	Average effective contractual rental income per m2		Average market rent per m2		Average net initial yield	
	2023	2022	**2023**	2022	**2023**	2022
Schiphol Centre						
Offices	**305**	303	**272**	277	**6.6%**	5.6%
Schiphol North and East						
Offices	**141**	150	**147**	153	**7.8%**	7.7%
Business premises	**52**	52	**52**	52	**6.9%**	7.0%
Schiphol Southeast						
Offices	**138**	138	**140**	140	**10.3%**	10.0%
Business premises	**125**	125	**118**	118	**4.9%**	4.4%
Schiphol South						
Business premises	**115**	117	**97**	97	**6.5%**	6.2%
Rotterdam The Hague Airport						
Offices	**211**	197	**162**	162	**6.8%**	7.6%
Business premises	**106**	104	**90**	90	**5.8%**	5.0%

Significant assumptions for buildings

The significant assumptions used in the valuation model comprise:

Buildings

	2023	2022
Inflation rate	2.00% - 2.22%	2.00% - 2.50%
Average market rent development	-1.55% - 5.48%	6.0% - 4.50%
Net initial yield	4.50% - 10.26%	3.30% - 10.0%

Relationship between significant unobservable input and fair value determination

The estimated fair value will increase (decrease) to the extent that the expected market rent growth is higher (lower), the periods of vacancy are shorter (longer), the occupancy rate is higher (lower), the rent holidays are shorter (longer) and the NIY is lower (higher) than assumed.

Valuation method for land

For land positions that generate revenue through ground rent, the valuation technique used is the DCF method. The estimated net cash flows are discounted with a risk-adjusted rate plus risk surcharges.

Land positions that are leased out for long periods and whose instalments are prepaid are measured at the prepaid instalment minus an annual redemption. The annual redemption is equal to the total instalment divided by the lease period plus the discounted value of the estimated instalment for the next lease period.

Significant assumptions used in the valuation model for land

The main assumptions used in the valuation of land are specified below:

Land

	2023	2022
Inflation rate	2.00% - 3.90%	2.09% - 2.18%
Discount rate	5.75% - 8.25%	4.85% - 7.90%

10. Income taxes

This note contains further details on all items in the financial statements with regard to income tax, being income tax recognised in the statement of income, deferred taxes recognised in the statement of financial position, current tax positions in the statement of financial position and income tax recognised in equity.

Reconciliation of effective tax rate

(in thousands of euros)	2023		2022	
Result before tax	30,931		-135,418	
Income tax calculated at the domestic tax rate	7,980	25.8%	-34,938	25.8%
Share in results of associates and joint ventures	-5,863	-19.0%	-8,387	6.2%
Share in results of associates in limited partnerships that are not independently taxable	470	1.5%	-750	0.6%
Changes in corporate income tax rate	-	0.0%	416	-0.3%
Participation exemption on results from financial asset and liability (Groupe ADP)	-	0.0%	-15,801	11.7%
Different tax rate for foreign subsidiaries / associates	545	1.8%	758	-0.6%
Recognition of previously unrecognised tax losses	-	0.0%	-460	0.3%
Non-deductible impairment on other transactions	-	0.0%	141	-0.1%
Tax results previous years	3,707	12.0%	-	0.0%
Other (includes non deductible expenses)	2,036	6.6%	897	-0.7%
Income tax expense in income statement (effective)	**8,873**	**28.7%**	**-58,124**	**42.9%**

The effective tax rate in 2023 was 28.7%(2022: positive 42.9%). There were no changes to the nominal income tax rate in 2023. The rate at which an important part of the deferred tax assets and liabilities will be settled is calculated at the current nominal rate of 25.8%. The application of the participation exemption to the results of associates increases the effective tax rate. As the assets and liabilities related to Groupe ADP were settled in 2022, the financial year 2023 does not show a decrease of the effective tax rate as a result of the application of the participation exemption on results from financial assets and liabilities related to Groupe ADP. No deferred tax asset is recognised for the unused tax losses incurred in Italy (2022: none).

As a result of finalising tax filings for the years up to and including 2021 the effects on the estimated positions for the prior year financial statements were included during 2023. As a consequence the tax result of previous years decreased the effective tax rate. The amount included on the other line is mainly a result of non-deductible acquisition related costs that result in a permanent difference due to the participation exemption regulations.

Schiphol Group has recognised 148 million euros of assessed losses for 2022, 2021 and 2020 (after the set-off against the 2019 profit) financial years as a deferred tax asset in terms of *IAS 12* Income Taxes. Management revised the estimates of future taxable profits as part of the scenario forecast and concluded that Schiphol Group will recover the deferred tax asset against future taxable profit.

OECD Pillar Two model rules

The group is within the scope of the OECD Pillar Two model rules. Pillar Two legislation was enacted in the Netherlands, the jurisdiction in which the company is incorporated, and will come into effect from 1 January 2025. Since the Pillar Two legislation was not effective at the reporting date, the group has no related current tax exposure. The group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 Income Taxes issued in May 2023.

Under the legislation, the group is liable to pay a top-up tax for the difference between its GloBE effective tax rate per jurisdiction and the 15% minimum rate. All entities within the group have an effective tax rate that exceeds 15%, except for one subsidiary that operates in jurisdiction Italy.

Royal Schiphol Group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect. This assessment indicates that, if the Pillar Two legislation would have applied in 2023, Royal Schiphol Group does not expect top-up tax to be due in relation to any of the countries where the company has been active in 2023 – being the Netherlands, Italy and USA – given the fact that in 2023 the statutory tax rates in each of these countries are higher than the 15% minimum rate and in 2023 the effective tax rates in each of these countries likely exceed 15% as well. In addition, if the effective tax rate in one of the countries would be below 15%, Royal Schiphol Group might still not be exposed to paying Pillar Two income taxes in relation to that jurisdiction. This is due to the impact of specific adjustments envisaged in the Pillar Two legislation which give rise to different effective tax rates compared to those calculated in accordance with paragraph 86 of *IAS 12* Income Taxes.

For 2023, the average nominal tax rate of an entity operating in the Netherlands is 25.8%. The group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect. This assessment indicates for the Netherlands that the average effective tax rate based on accounting profit is 28.4% for the annual reporting period to 31 December 2023. The group might not be exposed to paying Pillar Two income taxes in relation to the Netherlands. This is due to the impact of specific adjustments envisaged in the Pillar Two legislation which give rise to different effective tax rates compared to those calculated in accordance with paragraph 86 of *IAS 12* Income Taxes.

Due to the complexities in applying the legislation and calculating GloBE income, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. Therefore, even for those entities with an accounting effective tax rate above 15%, there might still be Pillar Two tax implications. The group is currently engaged with tax specialists to assist it with applying the legislation.

Income tax in the statement of income

(in thousands of euros)	2023	2022
Current income tax		
Income tax current year	17,588	13,912
Income tax for prior years	-3,707	-
Total current income tax	**13,881**	**13,912**
Deferred income tax		
Origination and reversal of temporary differences	-10,868	-51,111
Changes in corporate income tax rate	-	416
Recognition of unutilised tax losses	5,860	-21,341
Total deferred income tax	**-5,008**	**-72,036**
Total income tax	**8,873**	**-58,124**

2023 - Reconciliation of effective tax rate per tax jurisdiction

(in thousands of euros)	The Netherlands		The United States		Italy		Total	
Profit before tax	20,949		9,500		482		30,931	
Income tax calculated at the nominal rate	**5,405**	25.8%	**3,287**	34.6%	**135**	27.9%	8,827	28.5%
Results of associates	-5,394	-25.7%	-	0.0%	-	0.0%	-5,394	-17.4%
Tax results from previous years	3,707	17.7%	-	0.0%	-	0.0%	3,707	12.0%
Other (includes non-deductible expenses)	2,238	10.7%	-370	-3.9%	-135	-27.9%	1,733	5.6%
Income tax expense in profit or loss (effective)	**5,956**	**28.4%**	**2,917**	**30.7%**	**0**	**0.0%**	**8,873**	**28.7%**

2022 - Reconciliation of effective tax rate per tax jurisdiction

(in thousands of euros)	The Netherlands		The United States		Italy		Total	
Profit before tax	-145,585		8,519		1,648		-135,418	
Income tax calculated at the nominal rate	**-37,561**	25.8%	**2,939**	34.5%	**460**	27.9%	-34,162	25.2%
Results of associates	-9,137	6.3%	-	0.0%	-	0.0%	-9,137	6.7%
Changes in corporate income tax rate	416	-0.3%	-	0.0%	-	0.0%	416	-0.3%
Participation exemption on results from financial asset and liability Groupe ADP	-15,801	10.9%	-	0.0%	-	0.0%	-15,801	11.7%
Recognition of previously unrecognised tax losses	-	0.0%	-	0.0%	-460	-27.9%	-460	0.3%
Change in recognised temporary differences	141	-0.1%	-	0.0%	-	0.0%	141	-0.1%
Other	877	-0.6%	-	0.0%	-	0.0%	877	-0.6%
Income tax expense in profit or loss (effective)	**-61,064**	**41.9%**	**2,939**	**34.5%**	**-**	**0.0%**	**-58,124**	**42.9%**

Deferred tax in the statement of financial position

The following main differences in valuation for tax and reporting purposes can be distinguished:

- Assets used for operating activities and assets under construction are measured at cost both for reporting purposes and for tax purposes. The balance sheet for tax purposes equates the cost with the market value as at 1 January 2002, whereas the balance sheet for reporting purposes equates the cost with the (lower) historical cost; On some of the assets used for operating activities fiscal and commercial depreciation are calculated with different depreciation terms.
- For tax purposes, the depreciation of both commercial buildings and operational buildings is limited to the so-called base value. The base value is 100% of the WOZ value (i.e. the value under the Valuation of Immovable Property Act);
- Property investments and derivative financial instruments are measured at fair value for reporting purposes and at cost for tax purposes;
- Property investments are depreciated for tax purposes (with a residual value of 25%) but not for reporting purposes;
- Borrowings in foreign currencies are measured at the closing rates on the balance sheet date for reporting purposes and at cost at the rate applicable at the time of borrowing for tax purposes;
- Interest expenses are not deductible in any year if the interest expense exceeds a defined threshold related to fiscal EBITDA. The non deductible interest expenses can be deducted in later fiscal years;
- The valuation of certain employee benefits provisions is different for tax purposes and reporting purposes because of differences in the actuarial assumptions applied;
- The valuation of the contractual interest in JFKIAT is different for tax purposes (measured at cost) and reporting purposes (revalued at the time of expansion);
- Long-term land leases received in advance are recorded as a lease liability for reporting purposes. For tax purposes, they are treated as a sale.
- Cloud based software is for reporting purposes included in the income statement when the cost are incurred. For tax purposes the amounts are capitalised and amortized on a straight-line basis. Cloud based software is included in the assets used for operating activities deferred tax position.
- Right-Of-Use assets with the corresponding liability are not recognised for tax purposes. For both the asset and the liability a deferred tax position is recognised and netted for reporting purposes.

Deferred tax assets and liabilities are recognised in the statement of financial position respect of all these differences.

Under *IAS 12* Income Taxes, a deferred tax asset must be recognised if it is probable that sufficient taxable profit will be available against which the deductible temporary difference can be utilised. However, it is impossible to estimate the moment when the deferred tax assets relating to certain operating assets will be realised, because the difference in the values for reporting and tax purposes will be realised only in the event of a sale (resulting in a lower profit for tax purposes and a lower income tax liability), impairment (resulting in higher costs for tax purposes and a lower income tax liability) or termination of the aviation activities (resulting in higher costs for tax purposes because compensation will only be obtained up to the carrying amount for reporting purposes). Schiphol Group is not authorised to sell the land for operating activities, forecasts of future cash flows do not suggest that impairment losses will be necessary and it is unlikely that the activities will be terminated.

Deferred tax assets and liabilities are netted if they relate to the same fiscal unity and the company at the head of this fiscal unity has a legally enforceable right to do so.

(in thousands of euros)	2023	2022
Deferred tax assets (fiscal unity)		
Assets used for operating activities	69,192	168,156
Assets under construction or development	-	55,600
Derivative financial instruments and borrowings	1,530	-2,256
Employee benefits	2,948	3,509
Investment property	75,301	-118,854
Contract related assets	-	1,677
Non-deductible interest [1]	26,493	41,335
Unutilised tax loss [1]	148,415	182,448
	323,879	**331,615**
Deferred tax assets (outside fiscal unity)		
Investment property	1,283	**-2,020**
Deferred tax liabilities (outside fiscal unity)		
Contract-related assets	-13,307	-13,739
Derivative financial instruments and borrowings	-55	-
	-13,362	**-13,739**
Total deferred tax	**311,800**	**315,856**
Non-current (settlement is not expected)	144,493	104,902
Non-current (expected to be recovered or settled after more than 1 year)	140,269	187,166
Current (expected to be recovered or settled within 1 year)	27,038	23,788
	311,800	**315,856**

1 In order to provide more accurate information, the deferred tax asset on the non-deductible interest and the deferred tax asset for unutilised tax losses are being presented separetly from the 2022 financial year.

The movements in deferred tax assets and deferred tax liabilities during the year were as follows:

(in thousands of euros)	Assets used for operating activities	Assets under construction or development	Investment property	Derivative financial instruments	Employee benefits	Contract-related assets	Non-deductible interest	Unutilised tax loss	Total
Carrying amount as at 1 January 2022	**171,933**	**55,600**	**-171,637**	**6,483**	**5,004**	**-11,712**	**-**	**198,666**	**254,336**
Movements in 2022									
Deferred tax recognised in the income statement	-	-	51,408	281	-	-350	1,148	20,193	72,680
Deferred tax recognised in equity	-	-	-	-9,020	-1,495	-	-	-	-10,515
Reclassification	-3,777	-	-645	-	-	-	40,188	-36,411	-645
Total movements in the year	**-3,777**	**-**	**50,764**	**-8,739**	**-1,495**	**-350**	**41,336**	**-16,218**	**61,520**
Carrying amount as at 31 December 2022	**168,156**	**55,600**	**-120,874**	**-2,256**	**3,509**	**-12,062**	**41,336**	**182,448**	**315,856**
Movements in 2023									
Deferred tax recognised in the income statement	-11,532	-	39,235	329	-561	-561	-16,041	-5,860	5,008
Deferred tax recognised in equity	-	-	-	-3,928	-	-	-	-	-3,928
Reclassification	-87,432	-55,600	158,224	12,097	-	-313	1,197	-28,173	0
Other movements	-	-	-	-4,767	-	-369	-	-	-5,136
Total movements in the year	**-98,964**	**-55,600**	**197,459**	**3,731**	**-561**	**-1,243**	**-14,844**	**-34,033**	**-4,056**
Carrying amount as at 31 December 2023	**69,192**	**0**	**76,584**	**1,475**	**2,948**	**-13,306**	**26,492**	**148,415**	**311,800**

Income tax recognised in equity

The tax effects of the movements in equity, via comprehensive income, are as follows:

(in thousands of euros)	Before tax	Deferred tax	After tax
Exchange differences	-11,425	-	-11,425
Changes in fair value on hedge transactions	-2,994	-3,928	-6,922
Remeasurements of defined benefit liability	-4,088	-	-4,088
Share in other comprehensive income of associates	-4,230	-	-4,230
Total unrealised 2023	**-22,737**	**-3,928**	**-26,665**
Exchange differences	-817	-	-817
Changes in fair value on hedge transactions	35,243	-9,020	26,223
Remeasurements of defined benefit liability	6,904	-1,495	5,409
Share in other comprehensive income of associates	21,528	-	21,528
Total unrealised 2022	**62,858**	**-10,515**	**52,343**

Current income tax positions

(in thousands of euros)	2023	2022
Income tax receivable		
Income tax in foreign jurisdictions	755	-
Total income tax receivable	**755**	**-**
Income tax liability		
Fiscal unity	-506	-4,658
Dutch subsidiaries outside the fiscal unity	-418	-570
Income tax in foreign jurisdictions	-	-3,398
Total income tax liability	**-924**	**-8,626**
Total income tax	**-169**	**-8,626**

The income tax liability is calculated on profit for fiscal purposes, allowing for permanent differences between the profit as calculated for reporting purposes and for tax purposes. The income tax liability on fair value gains and losses which are not processed immediately in the income tax return is recognised in deferred tax assets and liabilities. Final tax assessments have been imposed and settled for the tax years prior to 2020. Tax filings have been submitted up to and including 2021. The foreign income tax payable relates to local US and Australian taxes.

Differences between the income tax paid according to the cash flow statement and the income tax recognised in the statement of income concern additions to and withdrawals from deferred tax assets and liabilities, estimation differences between taxable amounts in provisional and final tax assessments and settlements in respect of previous years.

11. Investments in associates and joint ventures

(in thousands of euros)	2023	2022
Investments in associates	280,623	287,020
Investments in joint ventures	204,974	205,308
Carrying amount as at 31 December	**485,597**	**492,328**

Associates

(in thousands of euros)	2023	2022
Carrying amount as at 1 January	**287,020**	**234,039**
Movements in 2023		
Result for the year	21,827	33,491
Dividends	-17,762	-
Acquisitions	915	1,506
Impairment	-	-547
Share of OCI	-4,230	21,528
Exchange differences	-7,147	-2,997
Total movements in the year	**-6,397**	**52,981**
Carrying amount as at 31 December	**280,623**	**287,020**

No significant acquisitions, capital contributions or capital repayments were made by Schiphol Group in 2023 (2022: none).

Joint ventures

At 1 September 2023 Schiphol Group acquired 40% of the shares in NV Holding Businesspark Luchthaven Maastricht (holding company of Maastricht Aachen Airport). Total consideration paid amounted to 5.2 million euros consisting of the consideration paid for the shares, contribution to the environmental fund and directly attributable transaction costs. There were no material differences between the total consideration paid and the fair values estimated at acquisition date.

An impairment loss of 0.9 million euros was recognised in 2023 on one of Schiphol's joint ventures (2022: 10 million euros loss). The carrying amount of the investment in this joint venture was higher than the recoverable amount (value in use).

Joint ventures

(in thousands of euros)	2023	2022
Carrying amount as at 1 January	**205,308**	**221,698**
Movements in 2023		
Result for the year	1,766	9,068
Dividends	-1,030	-1,896
Acquisitions	5,235	-
Sales	-	-2,627
Changes in the consolidation	-	-10,466
Impairment	-867	-10,000
Capital contributions	-	45
Exchange differences	-3,745	-514
Other	-1,693	-
Total movements in the year	**-334**	**-16,390**
Carrying amount as at 31 December	**204,974**	**205,308**

A complete list of associates and joint ventures has been filed with the Amsterdam Chamber of Commerce. Schiphol Group is not directly liable for the obligations of associates.

Of the interests held by Schiphol Group in associates and joint ventures, only those in Brisbane Airports Corporation Holding Ltd and Tasmanian Gateway Holdings Corporation Pty Ltd can be regarded as material.

		2023	2022
Brisbane Airport Corporation Holdings Ltd (BACH)	Brisbane Australia	19.61%	19.61%
Tasmanian Gateway Holdings Corporation Pty Ltd (TGHC)	Hobart Australia	35%	35%

Schiphol Group has significant influence over BACH, even though its indirect interest is smaller than 20%. In BACH, this influence is expressed in the form of rights to appoint members of the Board of Directors, rights to block key strategic and financial decisions, and cooperative and exchange arrangements.

The 35% share in TGHC qualifies as a joint venture. Resolutions at Board meetings are decided by a simple majority, except for fundamental shareholder matters (e.g. in respect of shareholder rights, the constitution, shares or other securities, liquidation, appointment or removal of the auditor or any independent directors) and certain other resolutions (e.g. on adoption of, amendment to or departure from the business plan, acquisitions, financing of the company, appointment of the CEO and important transactions that exceed the applicable threshold), which require a majority of 75%. Such a majority is only possible if the resolution has the unanimous consent of all shareholders.

The following page contains a breakdown of the assets and liabilities, as well as a reconciliation with the recognition in Schiphol Group's financial statements. The accounting policies applied are based on Schiphol Group's accounting policies, or figures have been adjusted where necessary.

The carrying amount of associates at 31 December 2023 includes 68 million euros (2022: 70 million euros) of goodwill relating to BACH. The carrying amount of the joint ventures at 31 December 2023 includes 121 million euros (2022: 125 million euros) of goodwill relating to TGHC. The amount of goodwill of both entities in Australian dollars has not changed but is subject to conversion to the reporting currency at each reporting date.

The share in the results of associates in 2023 includes a positive result of 21.2 million euros from BACH (2022: 30.1 million euros loss) and 2.6 million euros negative result from TGHC (2022: 7.6 million euros positive result), including the adjustments relating to the difference in the accounting policies in respect of the measurement of Property, Plant and Equipment (Assets used for operating activities).

The shares of both Brisbane Airports Corporation Holding Ltd and Tasmanian Gateway Holdings Corporation Pty Ltd are not listed on a stock exchange.

Several external sources of information indicate the possible existence of impairment, such as an increase in discount rates due to the increase in interest rates. Pursuant with *IAS 36* Impairment of Assets and the Impairment Policy of Schiphol Group, all investments in subsidiaries, associates and joint arrangements have been assessed for possible impairments by Schiphol Group.

For the period ending 31 December 2023, it was concluded based on the assessments performed that no impairment is required for Hobart Airport and Brisbane Airport. The recoverable amount of each investment will exceed the invested capital. In line with the other CGUs, the impairment analyses for Hobart Airport and Brisbane Airport are based on the business plans and long-term forecasts provided by local Management.

International travel restrictions were eased in early 2022 in Australia , leading to an increase in international traffic at both airports. This upward trend continued in 2023.

When comparing Hobart Airport's performance with the business case used in the most recent impairment analysis, the performance in 2023 is slightly above expectations. The business plan and forecasts include the revised strategy, an updated terminal expansion programme, as well as new aeronautical and commercial forecasts. However, changes in the developments of the airport can result in an adjustment of the assumptions used in the analysis, which might result in an impairment of the investment. Management is reviewing the developments and possible impact on the business case in a timely manner.

Since Hobart Airport was acquired in 2019, the year before COVID-19 outbreak, the investment has not gained a large amount of headroom between the recoverable amount and carrying value since its acquisition. As a result, any future recoverable amount calculation, and potential impairment trigger, remain sensitive towards developments in interest rates and corresponding discount rates.

Brisbane Airport expects passenger volumes to recover to 2019 levels by 2024 (domestic) and 2025 (international). The fair value of Brisbane Airport has increased significantly since the time of the investment, and the airport has sufficient headroom in the impairment analysis. Therefore, the investment is not sensitive to potential impairments.

Associates and joint ventures

(in millions of euros)	Brisbane Airport[1] 2023	Brisbane Airport[1] 2022	TGHC[1] 2023	TGHC[1] 2022
Income statement				
Revenues	501	325	43	36
Operating expenses	-346	-97	-24	-26
Interest income and expenses	-107	-101	-11	2
Depreciation, amortisation and impairments	-98	-101	-9	-8
Income tax	-38	-26	-2	-4
Result from continuing operations	88	66	4	10
Other comprehensive income	6	132	5	-8
Financial position				
Fixed assets	4,114	4,254	403	402
Current assets	100	62	7	5
Cash and cash equivalents	95	51	8	15
Non-current liabilities	2,813	2,953	284	281
Current liabilities	304	252	100	115
Equity	1,192	1,163	33	25
Equity attributable to owners of the Company	**1,192**	**1,163**	**33**	**25**
%-share	19.61%	19.61%	35%	35%
Group's share % of equity	234	228	12	9
Goodwill	76	70	121	125
Other adjustments	-91	-71	-22	-14
Carrying amount as at reporting date	**219**	**227**	**111**	**119**

1 Based on the audited financial statements as at 30 June 2023

12. Loans to associates and joint ventures

(in thousands of euros)	2023	2022
Carrying amount as at 1 January	**136,159**	**143,171**
Movements		
Accrued interest	7,050	7,085
Amortisation	812	812
Dividend received	-	-1,011
Other exchange differences	-3,013	-546
Payments received	-25,111	-13,556
Other movements	-2,756	204
Total movements in the year	**-23,018**	**-7,012**
Carrying amount as at 31 December	**113,141**	**136,159**

The loans to associates and joint ventures relate to the Redeemable Preference Shares (RPS) held by Schiphol Group in BACH and Loan Notes in TGHC. The Loan notes held in TGHC are a mixture of interest-bearing and interest-free loan notes. The maturity date of the loan notes is 31 May 2030. The interest-bearing loan notes will accumulate and pay interest set at 50 basis points above the weighted average cost of senior debt for the TGHC Group.

The RPS for BACH carries entitlement to cumulative (accumulated) dividends. The maturity date of the RPS is 1 July 2031 and the annual dividend rate is 7.6% (2022: 7.6%).

Under the contractual terms, the RPS and loan notes are classified as a loan to an associate and joint venture and the dividends on these shares and interest on loan notes are treated as financial income. During 2022 and 2021, BACH did not distribute any dividends or interest due to the adverse effects of COVID-19 on the airport. In 2023, cash was received to settle the accrued dividend and interest amounts from previous years. Additionally, in 2023, interest amounting to 1.7 million euros was received from TGHC (2022: 1 million) and a capital repayment to the amount of 2.8 million euros (4.6 million Australian dollars) was received on the interest-free loan notes (2022: 12.8 million euros). For fiscal purposes the interest imputation on the interest-free loan notes is calculated at 3.2%.

RPS and loan notes are measured at amortised cost and, as there has been no significant change in credit risk, expected credit losses are determined on the basis of possible situations and developments that may lead to a counterparty defaulting within a period of 12 months. The change in expected credit losses is reported under costs of depreciation, amortisation and impairment.

Since September 2019, a natural hedge has existed between the currency risk relating to this long-term receivable and EMTN borrowings issued in 2019 denominated in AUD with related exchange differences being recognised in the income statement. The same applies to the loan notes held in TGHC which were acquired in October 2019.

The fair value of the loans to associates and joint ventures (including accumulated dividend) on 31 December 2023 amounts to 114.5 million euros (2022: 100.5 million euros) and the effective interest rate is 8.4% (2022: 8.37%) for the RPS for BACH and 5.2% (2022: 2.4%) for the Interest-bearing Loan Notes in TGHC. The fair value is estimated by discounting the future contractual cash flows at current market interest rates available to the borrower for similar financial instruments.

13. Other non-current receivables

(in thousands of euros)	2023	2022
Derivatives	7,423	32,716
Lease incentives	9,027	10,974
Prepayments on fixed assets	371	371
Purchased long leases	2,333	2,424
Loans to third parties	150	150
Total other non-current receivables	**19,304**	**46,635**

Lease incentives are cost of benefits which Schiphol Group granted tenants at the start of their lease. These are charged to the income statement over the term of the underlying contracts. The existence of lease incentives is taken into account in establishing the cash flows underlying the determination of the fair value of property.

Purchased long leases comprise rent instalments paid in advance by Schiphol Group with respect to land acquired on a long lease basis.

For information on derivatives, see note 26 Management of financial risks and financial instruments.

14. Trade and other receivables

(in thousands of euros)	2023	2022
Cash deposits	370,000	680,000
Trade receivables	226,917	139,726
Value-added taxes	29,336	20,834
Accrued income	67,030	41,920
Prepaid expenses	25,555	24,827
Other loans to associates	1,998	2,001
Lease incentives	3,513	3,624
Assets held for sale	11,553	9,467
Other receivables	9,755	45,947
Total trade and other receivables	**745,657**	**968,346**

The balance in cash deposits amounting to 370 million euros as at 31 December 2023 (2022: 680 million euros) relates to deposits whose original maturity exceeds three months. The average interest rate on the deposits reported under trade and other receivables as at 31 December 2023 was 2.9% (2022: 1.8%).

The balance in trade receivables includes expected credit losses of 8 million euros (31 December 2022: 8 million euros). For a more detailed explanation, please refer to note 26 Management of financial risks and financial instruments.

Other receivables include an amount of 4.0 million euros relating to the NOW government grants to be received (2022: 35.8 million euros). The final settlements for NOW 5 and 6 are not yet received. please refer to note 4 Employee benefits expense for additional information.

Assets held for sale represents the fair value less costs to sell of the property and plots of land located in the Netherlands with a total value of 11.6 million euros. The assets were acquired at the end of 2022 and the beginning of 2023 with the intention to sell. The properties were classified immediately as available for sale with no gain or loss recognised in the income statement on the transaction. The property is marketed at the market price determined by real estate brokers. The sale takes longer than expected and did not occur within 12 months as expected by the end of 2022. It is expected that the properties will be sold in present condition during the course of 2024. The current cost associated with the properties are covered by temporary short term rents from two of the properties.

15. Cash and cash equivalents

Cash and cash equivalents amounted to 785 million euros as at 31 December 2023 (31 December 2022: 1,051 million euros). This includes deposits with an original maturity of less than three months amounting to 286 million euros and money market investments amounting to 334million euros. The average interest rate on the deposits reported under cash and cash equivalents as at 31 December 2023 was 3.2% (2022: 1.8%).

Cash deposits for the amount of 370 million euros as at 31 December 2023 (2022: 680 million euros) whose original maturity exceeds three months are classified as part of note 14 Trade and other receivables. The cash balance contains 5.5 million euros of bank guarantees provided. A bank guarantee amounting to 2.3 million euros relating to payment commitments in connection with the 'Storage in Underground Tanks' order has been granted to the province of North Holland. Additionally, a bank guarantee of 3.2 million euros has been granted to TenneT TSO B.V. for the connection to the150kV-station Rozenburg-Zuid.

For a more detailed explanation on the credit risk, please refer to note 26 Management of financial risks and financial instruments.

16. Issued share capital and share premium

The authorised share capital as at 31 December 2023 is 142,960,968 euros divided into 300,000 class A shares and 14,892 class B shares, with a nominal value of 454 euros each. 171,255 of the class A shares and 14,892 of the class B shares have been issued.

The class A and class B shares carry the same rights, except for the right to amend the Articles of Association. An amendment to the Articles of Association can only be adopted at a General Meeting of Shareholders at which all the class A shares in issue are represented, by a majority of at least four/fifths of all the votes cast. The General Meeting of Shareholders may resolve to withdraw all the class B shares in issue by an absolute majority of the votes cast.

The shareholders' interests are as follows:

	(number)	(in thousands of euros)	(in %)
Shareholder:			
State of the Netherlands	129,880	58,966	69.77%
Municipality of Amsterdam	37,276	16,923	20.03%
Municipality of Rotterdam	4,099	1,861	2.20%
Total Class A shares	**171,255**	**77,750**	**92%**
Treasury shares (Class B shares)	14,892	6,761	8.00%
Total	**186,147**	**84,511**	**100%**

There were no changes in the issued share capital and the share premium in 2023.

The treasury shares consist of the 14,892 class B shares of Royal Schiphol Group N.V. that were bought, in December 2022, by Schiphol Group from Groupe ADP as a result of the expiration of the cooperation agreement and cross-shareholding of Schiphol Group with Groupe ADP for a total consideration of 420 million euros . Per *IAS 32* Financial Instruments*: Presentation*, the treasury shares are deducted from Schiphol's equity until the shares are cancelled or reissued. Schiphol's AGM will determine what to do with the treasury shares.

17. Retained profits

No dividends are distributed for the financial years 2021 and 2022 (dividend for the financial year 2023 is subject to approval by the AGM).

18. Other reserves

(in thousands of euros)	Exchange differences reserve	Hedge reserve	Share in OCI of associates	Actuarial gains and losses	Total
Balance at 1 January 2022	**9,978**	**-29,239**	**-20,688**	**-8,958**	**-48,907**
Movements in 2022					
Exchange differences	-817	-	-	-	**-817**
Currency and interest hedge JPY loan payable					
Exchange differences on hedged borrowings	-	10,343	-	-	**10,343**
Deferred tax on fair value changes on hedged borrowings	-	-2,669	-	-	**-2,669**
Fair value movements on derivatives	-	15,178	-	-	**15,178**
Deferred tax on fair value movements on derivatives	-	-3,916	-	-	**-3,916**
Hedging of cash flow interest-rate risk					
Recycling cash flow hedges to profit and loss	-	9,722	-	-	**9,722**
Deferred tax on recycling cash flow hedges	-	-2,435	-	-	**-2,435**
Currency hedge AUD loan receivable					
Other comprehensive income associates	-	-	21,528	-	**21,528**
Actuarial gains and revaluations	-	-	-	6,904	**6,904**
Tax effect on actuarial results	-	-	-	-1,495	**-1,495**
Other					**-**
Total movements in the year	**-817**	**26,223**	**21,528**	**5,409**	**52,343**
Balance at 31 December 2022	**9,161**	**-3,016**	**840**	**-3,549**	**3,436**

(in thousands of euros)	Exchange differences reserve	Hedge reserve	Share in OCI of associates	Actuarial gains and losses	Total
Balance at 31 December 2022	**9,161**	**-3,016**	**840**	**-3,549**	**3,436**
Movements in 2023					
Exchange differences	-11,425	-	-	-	**-11,425**
Currency and interest hedge JPY loan payable					
Exchange differences on hedged borrowings	-	14,004	-	-	**14,004**
Deferred tax on fair value changes on hedged borrowings	-	-3,613	-	-	**-3,613**
Fair value movements on derivatives	-	-25,292	-	-	**-25,292**
Deferred tax on fair value movements on derivatives	-	6,525	-	-	**6,525**
Other movements	-	-4,775	-	-	**-4,775**
Hedging of cash flow interest-rate risk					**-**
Recycling cash flow hedges to profit and loss	-	8,294	-	-	**8,294**
Deferred tax on recycling cash flow hedges	-	-2,065	-	-	**-2,065**
Currency hedge AUD loan receivable					
Other comprehensive income associates	-	-	-4,230	-	**-4,230**
Equity movement associates	-	-	-	-	**-**
Actuarial gains and revaluations	-	-	-	-4,088	**-4,088**
Tax effect on actuarial results	-	-	-	-	**-**
Other					**-**
Total movements in the year	**-11,425**	**-6,922**	**-4,230**	**-4,088**	**-26,665**
Balance at 31 December 2023	**-2,264**	**-9,938**	**-3,390**	**-7,637**	**-23,229**

Exchange differences reserve

The exchange differences reserve recognises exchange differences arising on the translation of the net investments in subsidiaries, joint ventures and associates outside the euro zone.

Hedge reserve

The hedge reserve recognises movements in the fair value of derivative financial instruments used in cash flow hedges, net of deferred tax assets and liabilities. It also includes the differences arising on the translation of loans at closing rates. In both cases, recognition in the hedging transactions reserve requires that the hedge is determined to be effective. In cash flow hedging relationships, only the change in fair value of the spot element of forward exchange contracts is designated as the hedging instrument. The change in fair value of the forward element is accounted for as a cost of hedging and is part of the hedging transactions reserve.

Further information on the restrictions on the distribution of reserves can be found in note 29 Shareholders' equity in the company balance sheet. The tax effects of the movements in equity, via other comprehensive income, are explained in note 10 Income taxes.

The following hedging instruments and relationships are recognised in the hedge reserve. If the hedging has an impact on the income statement, it is indicated in the table below.

		Reclassification to profit or loss in next periods			
(in thousands of euros)	**Total 2023**	< 1 year	> 1 year	> 1 and < 5 years	> 5 years
Forward Starting Rate Swap - refinancing 2013/2014	**212**	212	-	-	-
Lehman derivative - settlement 2008	**4,240**	291	3,949	1,163	2,786
Exchange difference on hedged JPY loan	**6,259**	-	6,259	-	6,259
CCIRS derivative hedge Yen loan	**-5,508**	-	-5,508	-	-5,508
Total	**5,203**	**503**	**4,700**	**1,163**	**3,537**

		Reclassification to profit or loss in next periods			
(in thousands of euros)	**Total 2022**	< 1 year	> 1 year	> 1 and < 5 years	> 5 years
Forward Starting Rate Swap - refinancing 2013/2014	**6,108**	6,108	-	-	-
Lehman derivative - settlement 2008	**4,531**	291	4,240	1,163	3,077
Exchange difference on hedged JPY loan	**16,650**	-	16,650	-	16,650
CCIRS derivative hedge JPY loan	**-24,273**	-	24,273	-	-24,273
Total	**3,017**	**6,399**	**45,163**	**1,163**	**-4,546**

19. Non-controlling interests

Non-controlling interests on 31 December 2023 represent the shares of third parties in the net assets of group company Eindhoven Airport N.V. (31 December 2022: Eindhoven Airport N.V.). An abridged balance sheet for this company is presented under Related party disclosures.

20. Borrowings

(in thousands of euros)	Carrying amount 2023	Carrying amount 2022	Fair value 2023	Fair value 2022	Year of maturity	Interest rate
EMTN programme	4,013,428	4,409,335	3,635,599	3,706,521	2025-2038	1.12%-3.08%
European Investment Bank	610,642	621,500	599,922	585,289	2024-2031	0.12%-4.14%
KfW IPEX-bank	289,860	289,805	270,304	254,188	2024-2028	0.18%-2.08%
Namensschuldverschreibung	-	24,997	-	26,061	2023	5.07%
Other borrowings	5,368	4,570	-	-		
Total	**4,919,298**	**5,350,208**	**4,505,824**	**4,572,059**		

(in thousands of euros)	Currency	Face value	Carrying amount 2023	Carrying amount 2022	Fair value 2023	Fair value 2022	Year of maturity	Interest rate
XS1900101046	EUR	500,000	495,284	494,575	452,200	412,695	2030	1.5%
XS1301052202	EUR	317,000	317,871	402,125	309,308	373,376	2026	2.0%
XS0378569247	JPY	20,000,000	128,277	142,270	140,579	117,394	2038	3.16%
XS2069329451	AUD	255,000	157,731	162,663	131,559	147,041	2034	2.89%
XS1437013870	EUR	150,000	149,905	149,884	136,070	126,309	2028	1.12%
XS2019889778	AUD	70,000	43,134	44,469	36,762	40,833	2034	3.09%
XS0983151282	EUR	40,000	39,987	39,981	39,713	38,630	2025	3.08%
XS0997565436	EUR	30,000	29,985	29,979	29,341	28,688	2025	2.94%
XS2019891915	AUD	30,000	18,496	19,066	17,481	17,972	2027	2.40%
XS2153459123	EUR	750,000	747,238	746,817	713,618	668,070	2029	2.0%
XS2227050023	EUR	523,000	520,406	696,143	477,177	593,383	2027	0.38%
XS2227050379	EUR	500,000	495,802	495,316	415,820	369,185	2032	0.88%
XS2333391303	EUR	180,000	177,713	295,340	172,206	274,167	2025	0.0%
XS2333391485	EUR	700,000	691,600	690,708	563,766	498,778	2033	0.75%
EMTN programme			**4,013,428**	**4,409,335**	**3,635,599**	**3,706,521**		

The fair value is estimated by discounting the future contractual cash flows at current market interest rates available to the borrower for similar financial instruments. To calculate the value of loans that are actively traded in a public market, the quoted prices are used.

Schiphol Group has a Euro Medium Term Note (EMTN) Programme. Under the programme Schiphol Group can raise funds of up to 5.0 billion euros as required, provided the prospectus is updated annually. The prospectus was updated in May 2023. The covenants of the EMTN programme provision that a 'change of control' in combination with a 'downgrade below investment grade' triggers early redemption. There was no obligation to do so in 2023. As at 31 December 2023, borrowings under the programme totalled 4,013 million euros (31 December 2022: 4,409 million euros), of which 1,750 million euros (2022: 1,750 million euros) specifically relate to green bonds.

In May and June 2023, Schiphol Group executed a liability management exercise by way of a Cash Tender Offer on its outstanding 2025, 2026 and 2027 EUR Notes, which resulted in the repayment and cancellation of a total notional amount of 380 million euro.

Schiphol Group has a number of facility agreements with the European Investment Bank ("EIB") for a total original amount of 900 million euros, of which a part has been repaid. As per 31 December 2023, 610.6 million euros is outstanding. Schiphol Group repaid 9 million euros in 2023. No additional facilities were drawn. Schiphol Group could be obliged to redeem the loans early if (in addition to the usual circumstances) other loans are repaid early or the book value of equity declines below 30% of total assets. Additional security will be demanded if the credit rating drops to BBB or lower (S&P) or to Baa2 or lower (Moody's). The loan agreement also contains a 'change of control' clause.

Schiphol Group has three loan agreements with KfW IPEX-Bank for a total outstanding amount of 290 million euros with a weighted average maturity of three years. No new facilities were entered into during 2023.

Borrowings under the EMTN programme, the ECP programme, the EIB facilities and the KfW facilities are not subordinated to other liabilities. Schiphol Group has access to 675 million euros in committed and 150 million euros uncommitted undrawn bank facilities.

Eindhoven Airport has loan facilities in place for a total of 110 million euros to finance the future capital expenditure and manage working capital swings. At 31 December 2023, no funding was drawn under these facilities. The covenants are met as at 31 December 2023.

Of the total loans, an amount of 128.3 million euros has been drawn in Japanese yen (JPY 20 billion). In line with the financial risk management policy, a fixed EUR/JPY cross-currency swap has been contracted to hedge the changes in cash flows of the JPY denominated loan. The hedge transaction corresponds to all relevant characteristics of the critical terms of the respective loan, such as maturity, timing, amounts and frequency of cash flows. The hedge is accounted for as cash flow hedge and was fully effective.

Schiphol Group has put in place an interest rate swap of 180 million euros to swap fixed interest rate payments for floating interest rate payments. The swap mirrors the payments of Schiphol Group's outstanding 2025 bond (XS23333391303). Under the swap, Schiphol Group receives a fixed coupon and pays a floating interest rate of three-month Euribor + a spread. The fixed coupon received under the swap is identical to the coupon paid under the 2025 bond. With this swap, Schiphol Group is hedging the fair value movements of the bond.

The hedge is accounted for as fair value hedge and first became effective in 2022. As market interest rates change over the term of the bond, the fair value of the bond will change. Schiphol Group applies hedge accounting to the fair value hedge relationship. Schiphol Group designated the hedging relationship as a fair value hedge. An amount of 2.4 million euros was recognised as part of the change in fair value of the bond as at 31 December 2023 (2022: 4.5 million euros). Schiphol Group shall discontinue hedge accounting prospectively only if the hedging relationship ceases to meet the qualifying criteria as set out in *IFRS 9* Financial Instruments. Termination of the hedge is expected to occur on the bond maturity date. At the termination of the hedge, the hedging relationship shall be terminated. In case of full prepayment of the bond, any fair value hedge adjustment will go immediately to profit or loss. Please also see note 26 Management of financial risks and financial instruments for a detailed explanation.

The current portion of borrowings at 31 December 2023 of 306.1 million euros (31 December 2022: 31 million euros) is recognised under current liabilities.

In 2023, Schiphol Group met the agreed covenants included in the various contracts. The most relevant covenant is a financial covenant in relation to solvency, which is included in the financing contracts with the European Investment Bank whereby this solvency ratio must be higher than 30%. The solvency ratio for Royal Schiphol Group over 2023 was 37.1% (2022: 36%). The average interest rate of outstanding borrowings in 2023 was 1.6% (2022: 1.4%).

The remaining terms of the borrowings as at 31 December 2023 are as follows:

(in thousands of euros)	Total	<= 1 year	> 1 year	> 1 year and <= 5 years	> 5 years
EMTN programme	4,013,428	-2,824	4,016,252	1,244,700	2,771,552
European Investment Bank	610,642	209,000	401,642	284,142	117,500
KfW IPEX-bank	289,860	99,959	189,901	189,901	-
Namensschuldverschreibung	-	-	-	-	-
Other borrowings	5,368	-	5,368	-	5,368
Total borrowings	**4,919,299**	**306,135**	**4,613,163**	**1,718,743**	**2,894,420**

The movements in borrowings during the year were as follows:

(in thousands of euros)	Borrowings > 1 year	Borrowings <= 1 year	Total
Carrying amount as at 1 January 2022	**5,383,598**	**6,299**	**5,389,896**
Movements in 2022			
Fair value movement	-4,448	-	-4,448
Transferred to current liabilities	-51,581	51,581	-
Repayments	-	-27,000	-27,000
Exchange differences	-11,398	-	-11,398
Other movements	3,124	32	3,156
Total movements in the year	**-64,302**	**24,613**	**-39,690**
Carrying amount as at 31 December 2022	**5,319,296**	**30,912**	**5,350,208**
Movements in 2023			
Fair value movement	1,906	-	1,906
Transferred to current liabilities	-658,564	658,564	-
Repayments	-	-383,999	-383,999
Exchange differences	-20,824	-	-20,824
Other movements	-28,650	658	-27,992
Total movements in the year	**-706,133**	**275,223**	**-430,910**
Carrying amount as at 31 December 2023	**4,613,163**	**306,135**	**4,919,298**

For more details regarding the fair value movement, please refer to note 26 Management of financial risks and financial instruments.

21. Employee benefits

(in thousands of euros)	Post-employment benefits	Other long-term employee benefits	Termination benefits	Total
Carrying amount as at 31 December 2023				
Provision	23,255	21,572	-	44,827
Liability in the balance sheet	**23,255**	**21,572**	**-**	**44,827**
Carrying amount as at 31 December 2022				
Provision	20,589	20,862	-	41,451
Liability in the balance sheet	**20,589**	**20,862**	**-**	**41,451**

Post-employment benefits consist of pension plans and job-related early retirement benefits. Other long-term employee benefits consist of long-service awards, disability benefit supplements and sustainable employment budget. As at 31 December 2023, 0.1 million euros (2022: 2.7 million euros) included in the other long-term employee benefits relate to the unemployment provision that was recognised as part of the restructuring provision.

The movements in post-employment benefit liabilities during the year were as follows:

(in thousands of euros)	2023	2022
Carrying amount as at 1 January	**20,589**	**27,286**
Total net benefit expense for the year	926	698
Benefits paid during the year	-1,675	-1,473
Actuarial changes presented in OCI	3,415	-5,922
Total movements in the year	**2,666**	**-6,697**
Carrying amount as at 31 December	**23,255**	**20,589**

The table below gives an overview of actuarial assumptions and estimates applied. Given the minimal impact, a significant variance in the balance sheet position as a result of other assumptions is unlikely.

Actuarial assumptions and estimates

	31 December 2023	31 December 2022
Discount rate	3.1% - 4.1%	3.1% - 4.1%
Return on plan assets	3.52%	3.2%
Inflation	2.5% (subsequent years: 1.5%)	2.5% (subsequent years: 1.5%)
General salary increase	2.5% (subsequent years: 1.5%)	2.5% (subsequent years: 1.5%)
Life expectancy	Royal Dutch Actuarial Society's (AG) generation mortality table AG2022, corrected with Mercer experience mortality table	Royal Dutch Actuarial Society's (AG) generation mortality table AG2022, corrected with Mercer experience mortality table
Individual pay rises, depending on age	3.0% (to age 36), 2.0% (to age 47), 1.0% (to age 56), 0.0% (to age 70)	3.0% (to age 36), 2.0% (to age 47), 1.0% (to age 56), 0.0% (to age 67)
Incapacity risk	Derived from national inflow and outflow WGA for larger employers	Derived from national inflow and outflow WGA for larger employers
Termination probability, average over all ages	3.13%	3.13%

Schiphol Group's pension plan is administered by Algemeen Burgerlijk Pensioenfonds (ABP). Based on the formal terms of the plan, it qualifies as a defined-contribution plan. Schiphol Group recognises the pension contributions payable to ABP as an expense in the income statement. Further information on this point can be found under Accounting policies.

The ABP pension regulations do not contain any provisions on additional contributions to the fund and/or withdrawals from it in respect of Schiphol Group's share in surpluses or deficits of the pension fund. Consequently, any surpluses and deficits will only result in changes in the amount of the contributions payable by Schiphol Group in the future and these will depend on the actual and expected financial position of the pension fund as reflected in the funding ratio. The expected contribution payment for 2024 is 45.6 million euros. ABP's funding ratio was 110.5% as at 31 December 2023 (110.9% as at 31 December 2022).

22. Provisions

(in thousands of euros)	Decommissioning provision	Environmental provision	Other	Total
Carrying amount as at 1 January 2022	**7,126**	**20,859**	**4,600**	**32,585**
Movements in 2022				
Addition to provision	-	-	27,343	27,343
Use of provision	-225	-1,589	-9,029	-10,843
	-225	**-1,589**	**18,314**	**16,500**
Carrying amount as at 31 December 2022	**6,901**	**19,270**	**22,914**	**49,085**
Movements in 2023				
Addition to provision	2,280	11,520	3,948	17,748
Use of provision	-	-6,494	-20,693	-27,187
Release to profit & loss	-	-	-1,037	-1,037
	2,280	**5,026**	**-17,782**	**-10,476**
Carrying amount as at 31 December 2023	**9,181**	**24,296**	**5,132**	**38,609**
Current	3,335	9,578	2,309	15,222
Non-current	5,846	14,718	2,823	23,387
Carrying amount as at 31 December 2023	**9,181**	**24,296**	**5,132**	**38,609**

The timing of the outflow of resources for the total amount of the provisions outstanding per balance sheet date is uncertain except for an amount of 16.5 million euros (2022: 2.6 million euros) recorded as part of the environmental and decommissioning provisions, which is expected to be settled within a two-year time frame.

The decommissioning provision of 9.2 million euros (2022: 6.9 million euros) relates to obligations in respect of demolition and or repair work after the use of the asset.

Perfluorooctanesulfonic acid (PFOS) contamination of the soil was detected during excavations in the context of development projects at Amsterdam Airport Schiphol. PFOS is a form of PFAS. The environmental provision of 24.3 million euros (2022: 19.2 million euros) concerns the expenditures to be incurred in connection with the temporary storage and decontamination and/or depositing of the contaminated soil.

The category 'Other Provisions' amounts to 5.1 million euros as at 31 December 2023 (22.9 million euros as at 31 December 2022) and includes topics such as the cost compensation, a project relating to noise reduction ("Project Geluidsreductie") and claims received from companies providing services to Schiphol.

23. Other non-current liabilities

(in thousands of euros)	2023	2022
Prepaid long leases	85,199	86,895
Lease liabilities	8,529	9,392
Derivatives	3,074	4,665
Unrealised profit on contribution in kind	2,269	2,269
Other	142	141
Total other non-current liabilities	**99,213**	**103,363**

Prepaid long leases are rent instalments which Schiphol Group has received in advance on land leases to third parties. This item is recognised through profit or loss over the term of the underlying contracts. Prepaid long leases include an amount of 3.6 million euros relating to lease incentives (2022: 3.8 million euros).

The balance in unrealised profit on contribution in kind relates to land contributed to GEM A4 zone West C.V. Is 2.3 million euros as per 31 December 2023. In accordance with the accounting policies, the profit on the contribution of land should be treated as unrealised to the extent this profit relates to our share in the entity the land is contributed to.

Schiphol Group has put in place an interest rate swap of 180 million euros to swap fixed interest rate payments for floating interest rate payments. The swap mirrors the payments of Schiphol Group's outstanding 2025 bond. The hedge is accounted for as fair value hedge and was effective in 2023. An amount of 1.6 million euros was recognised as part of the change in fair value of the swap as at 31 December 2023. Please also see note 26 Management of financial risks and financial instruments for a detailed explanation.

Financial lease liabilities relate to the lease of various right-of-use assets used for operating activities, including operational and employee vehicles, office space, a warehouse and multifunctional office equipment. To determine the lease liability, the interest rate implicit in the *IFRS 16* Leases was used. If that rate could not be readily determined, the incremental borrowing rate was used. As such, the weighted average rate applied is 2.18% (2022: 1.73%).

(in thousands of euros)	Buildings	Other assets	Total
Liability < 1 year	198	5,551	5,749
Liability 1 year and < 5 years	1,415	7,114	8,530
Carrying amount of lease liabilities	**1,613**	**12,666**	**14,279**

For information on derivatives, see note 26 Management of financial risks and financial instruments.

24. Trade and other payables

(in thousands of euros)	2023	2022
Trade payables	196,090	195,033
Accruals	138,420	168,097
Deferred income	58,728	50,404
Lease liabilities	5,749	5,465
Interest payable	31,664	30,196
Wage tax and social security contributions	378	857
Prepaid long leases	3,226	3,283
Payable in respect of pensions	255	347
Flight tax	154,376	33,959
Other payables	50,589	43,773
Total trade and other payables	**639,475**	**531,412**

Accruals include, among other things, settlements for the cost compensation mechanism.

The deferred income includes mainly income from rent and leases for which Schiphol Group has already received consideration although the services still have to be provided (contract liability).

Prepaid long leases include an amount of 1.3 million euros relating to lease incentives (2022: 1.3 million).

Further details on the financial instruments can be found in note 26 Management of financial risks and financial instruments.

Commitments

Contribution to environmental fund

As part of the eight-point plan, Schiphol Group proposed an Environmental Fund. Schiphol Group will provide a total of 70 million euros (10 million euros per year), which will be used to improve the quality of life in the Schiphol Airport region. In 2023, Schiphol Group finalised details about the programme and governance of the fund. A new foundation will be established in 2024 as a successor of the Schiphol Quality of Life Foundation. The board of the foundation will be independent of Schiphol Group. The foundation will be funded by Schiphol Group on a yearly basis based on an approved budget that contains both organisational costs and program costs for that year. On a yearly basis a maximum amount of 10 million euros will be available for funding.

25. Contingent assets and liabilities

Airport charges settlement

In May 2023, the Regulatory Accounts 2022 were published, which included a settlement on the sector of 114.3 million euros. In October 2023, Schiphol adjusted the charges for 2024 by incorporating the effect of the 2022 settlement.

As a result of airlines views Schiphol has adjusted the settlement 2022 as published in the Regulatory Accounts for a total amount of 21.7 million euros. This amount consists the following adjustments:

1. Adjustment flow management (1.1 million euros) in favour of the airlines.
2. Adjustment for the estimated effect of the terminal parameter (21.6 million euros) in favour of the airlines.
3. Withdrawing the costs that were presented under ‘Exceptional and Unforeseen’ (2.5 million euros) to the disadvantages of airlines (NB: Schiphol reserves the right to include costs that fall within that category as settlements in the charges for future years).
4. Corresponding effect of interest as a result of the three previous changes (1.5 million euros) in favour of the airlines.

After adjustments, the settlement of 2022 amounts to 92.6 million euros receivable. The settlement is divided into 3 parts: a traffic and transport related part of 85.0 million euros receivable, a non traffic and transport related part of 1.2 million euros receivable and an interest part of 6.4 million euros receivable.

The settlement of 2022 is spread out in three equal parts to be incorporated in the airport charges 2024 - 2026. As a result, the final airport charges as of 1 April 2024 will increase on average with 14.8%.

One complaint has been submitted to the regulator (Dutch Authority for Consumers and Markets) about the adjusted charges for 2024. At the moment, the regulator is in the process of assessing this complaint. Schiphol expects the regulator to take a decision before 1 April 2024.

The amount to be settled for 2023 is expected to be a deficit of approximately 105 to 115 million euros. The final settlement will be included and explained extensively in the Regulatory Accounts of 2023.

The Regulatory Accounts 2023 will be published on 31 May 2024 (at the latest). Thereafter, the settlement will be included in the consultation of the airport charges in coming years, that is, in the period from 2025-2027.

As of 1 April 2023 the airport charges increased with 12% in line with consultation. However, a number of airlines and representative organisations submitted complaints to the regulator in response to Schiphol's final setting of airport charges 2023. The regulator (Dutch Authority for Consumers & Markets) concluded in March 2023 that the airport charges and conditions as proposed by Schiphol are in accordance with the Aviation Act.

A number of airlines and representative organisations have submitted complaints to the regulator in response to Schiphol's final setting of airport charges 2022-2024. The regulator (Dutch Authority for Consumers & Markets) concluded in April 2022 that airport charges and conditions as proposed by Schiphol are in accordance with the Aviation Act. One complaint is partially justified, however, this does not justify that charges and conditions would be contrary to rules laid down by or pursuant to the Aviation Act. A number of airlines disagree with the decision of the ACM (for both 2023 and 2022) and appealed to the CBb (College van Beroep voor het bedrijfsleven). The CBb is in the process of assessing the appeal.

Contamination by extinguishing foam

In July 2008, the Rijnland Regional Water Authority collected PFOS-contaminated extinguishing foam, released during an incident at a KLM hangar in Schiphol-Southeast and stored it in reservoirs made available by Schiphol. Control measures were taken around the reservoirs to prevent the further spread of PFOS. KLM, Schiphol and Rijnland each financed a third of the costs of the control measures taken, without any party acknowledging its responsibility for the damage incurred. The control measures are still operational and these operational costs are financed by KLM, Schiphol and Rijnland (each a third), the total amount of approximately 0.3 million euros for the period 2023 (2022: 0.2 million euros). Anticipated expenses for 2024 are expected to align closely with those incurred in 2023.

Commitments arising from (long-term-) contracts

(in thousands of euros)	Total 2023	< 1 year	> 1 year and < 5 years	> 5 years
Commitments relating to:				
Security, maintenance and cleaning	676,404	506,804	124,989	44,611
Development of Schiphol	600,849	571,463	29,386	-
Development of Lelystad Aiport	20,080	1,554	5,054	13,472
Electricity and gas	14,283	14,283	-	-
Rents and leases (operating lease)	19,221	3,869	15,352	-
Other capital projects	4,863	4,863	-	-
Total	**1,335,700**	**1,102,836**	**174,781**	**58,083**

(in thousands of euros)	Total 2022	< 1 year	> 1 year and < 5 years	> 5 years
Commitments relating to:				
Security, maintenance and cleaning	1,057,084	471,448	553,471	32,165
Development of Schiphol	489,840	409,161	80,000	679
Development of Lelystad Aiport	12,076	1,093	4,962	6,021
Electricity and gas	42,313	18,615	23,698	-
Rents and leases (operating lease)	3,454	1,231	2,224	-
Other capital projects	5,916	2,250	3,666	-
Total	**1,610,683**	**903,798**	**668,020**	**38,865**

Long-term partnership between Dutch construction firms and Schiphol Group

In January 2019, Schiphol contracted BAM, Heijmans and VolkerWessels group companies for the maintenance, renewal and construction of new infrastructure and real estate at the airport. The total estimated value of the assignment is 2 to 3.5 billion euros for a maximum period of 9 years. The commitments under these contracts as at 31 December 2023 are mainly included under 'Security, maintenance and cleaning' and 'Development of Schiphol' in the table included in the section commitments.

Schiphol Area Development Company N.V. (SADC)

Schiphol Group participates directly, and indirectly through the collaborative venture Schiphol Area Development Company N.V. (SADC), in land holdings in the vicinity of Amsterdam Airport Schiphol. SADC's objective is to develop business locations and supporting infrastructure projects around the airport. One of these land holdings concerns the A4 Zone West area. Schiphol Group has a future obligation to contribute 2.6 million euros as a limited partner's contribution, to be increased by financing and acquisition costs, to fund the contributionof land to GEM A4 Zone West C.V. by the municipality of Haarlemmermeer.

BN-TAV claims with regards to the construction of Pier A

On 29 November 2021, Schiphol terminated the contract with the contractor (a joint venture between Ballast Nedam and TAV Construction - BN-TAV) for the construction of Pier A. The termination was done in an amicable way, whereby a controlled hand over of the construction site has taken place from BN-TAV to Schiphol. A new contractor was appointed to finish the construction of Pier A.

In February 2023 BN-TAV has submitted a final account to Schiphol, containing contractual interim claims for extension of time, unlawful termination and miscellaneous claims of subcontractors, as well as claimed variations to the contract (meerwerk). The total claim amounted to 282 million euros.

In December 2023 Schiphol received a writ of summons. The total amount claimed in the litigation procedure amounts to 154 million euros, excluding subcontractor claims.

In return, Schiphol has submitted to BN-TAV a first counterclaim of 93 million euros for delay damages, costs of rectifying defective work, additional costs and recoverable costs. This claim only covers the period up to termination. In July 2023 a second interim counterclaim has been submitted, covering the costs of repairing defects and the "extra over" cost to complete post-termination up to the end of 2022, with a value of EUR 44 million euros. In the beginning of 2024, the post-termination counterclaim will be updated to include the period up to the end of 2023. The finalisation of Schiphol's counterclaims is dependent on the completion of the project.

The start of legal proceedings has not changed Schiphol's view on the claims position and as a result no change to a contingent liability as at 31 December 2023.

Boswandeling (Televerde) claim

Televerde B.V., as part of the Boswandeling Joint Venture, has a claim against the municipality of Haarlemmermeer. Any (financial) contribution resulting from the claim will be used for developing the northern area of the motorway A9.

Soil contamination

PFAS contamination of the soil was detected during excavations in the context of development projects at Amsterdam Airport Schiphol. Since 2017, local legislation is in place that requires Schiphol to clean PFAS-contaminated soil when the contamination causes environmental risks. 2019 also saw the introduction of national-level legislation on this issue. The changed local legislation of 2019 and 2020 does not change the way we have to deal with PFAS-contaminated soil. Schiphol has recognised a provision for the decontamination of the land on which construction work will take place in the near future. No provision is recorded for potential PFAS contamination under existing assets.

Continued effort North/South metro line extension

The north south metro line will ensure Schiphol airport remains accessible by public transport in the long term. Expected demand of public transport passengers in the metropolitan region of Amsterdam are projected to surpass the capacity of the Schiphol train station.

In 2023 Schiphol has continued and formalized it's collaboration. While the Dutch national government has proposed to finance the exploration phase. The project organisation of MIRT OVAH has started the tender process to attract consultants to help with the exploration phase in September 2023. The joint partners of governmental bodies and private organisations expect to decide upon a preferred alternative by the end of 2025.

Extending the North/South line will encourage sustainable connectivity at a regional, national and international level. It will create space in the Schiphol tunnel, which can then be used by both national and international trains. The latter is important so the train can serve as an alternative to air travel on short distances. Moreover, it will reinforce Schiphol as a multimodal hub by bringing together public transport, cars and planes.

Other contingent assets and liabilities

Other claims against Royal Schiphol Group N.V. and/or its subsidiaries have been filed, and there are disputes which are yet to be settled. All claims and disputes are being contested and the company has taken legal advice on them. However, as it is impossible to predict the outcomes with any certainty, it is not yet clear whether any of the cases will result in actual liabilities for the company and/or its group companies. Accordingly, no provisions have been recognised in the balance sheet in respect of these claims and disputes.

The company has also brought claim(s) against third parties and has disputes pending in which it is the claimant. Since it is not yet clear whether these cases will be resolved in the company's favour, no related receivables have been recognised in the balance sheet.

26. Management of financial risks and financial instruments

Financial income and expenses

The table below contains a breakdown of financial income and expenses. Capitalised construction interest comprises interest charges incurred during the construction phase of large investment projects.

(in thousands of euros)	2023	2022
Interest and other financial income		
Loans to associates and joint ventures	7,050	7,085
Other results from financial assets	-	135,281
Amortisation on loan notes	812	812
Cash and cash equivalents	27,361	14
Other results from financial liabilities	30,708	2,153
Exchange differences on cash and cash equivalents	63	135
Exchange differences on other assets and liabilities	1,972	80
Investment profits on deposits	15,861	-
Other financial results	4,797	4,312
	88,624	149,872
Interest and other financial expenses		
Borrowings	-78,391	-76,801
Derivatives	-10,459	-9,418
Unwinding of discounting and finance costs of share buyback obligation	-	-74,038
Exchange differences receivables from associates	-3,013	-546
Lease liabilities	-317	-279
Capitalised construction interest	9,985	8,140
Investment losses on deposits	-	-7,766
Other financial results	-4,102	-5,550
	-86,297	-166,258
Total financial income and expenses	2,327	-16,386

Exchange differences on loans to associates concern the Redeemable Preference Shares (RPS) of Brisbane Airport Corporation Holdings Ltd (BACH) and the Loan Notes of Tasmanian Gateway Holdings Corporation Pty Ltd (TGHC), the ultimate holding company of Hobart International Airport held by Schiphol Group. Under the terms and conditions these shares are not considered to be part of the net investment in the associate. Consequently, exchange differences are accounted for in the income statement. As from 2019, a natural hedge exists between the currency risk related to RPS held in BACH, loan notes in TGHC and EMTN borrowings denominated in AUD with related exchange rate differences being recognised in the income statement.

A financial gain of 30 million euros is included in Other results from financial liabilities in relation to 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.

Financial risk factors

Due to the nature of its activities, Schiphol Group faces a variety of risks including market risk, counterparty risk and liquidity risk. The financial risk management programme (which is part of Schiphol Group's overall risk management programme) focuses on the unpredictability of the financial markets and on minimising any adverse effects this may have on Schiphol Group's financial results.

Schiphol Group uses derivative financial instruments to hedge certain risks which are not offset via a natural hedge. Financial risk management is carried out by the central treasury department (Corporate Treasury) and is part of approved Management Board policy. In addition to drawing up written guidelines for financial risk management, the Management Board determines the policy for specific key areas such as currency risk, interest-rate risk, inflation risk, credit risk, the use of derivative and non-derivative financial instruments, and the investment of liquidity surpluses. The contracts relating to derivative financial instruments are shown in the table below.

Market risk

Market risk comprises three types of risk: currency risk, price risk and interest-rate risk.

Currency risk

Currency risk arises if future business transactions, assets and liabilities recognised in the balance sheet and net investments in activities outside the euro zone are expressed in a currency other than Schiphol Group's functional currency, which is the euro. Schiphol Group operates internationally and faces currency risks on several currency positions, in particular in Japanese yen (borrowings) and US and Australian dollars (net investments in activities outside the euro zone and non-current receivables).

Schiphol Group manages the currency risk on borrowings which are not naturally offset by an asset in the same currency by using currency forward and swap contracts. The financial risk management policy is that virtually 100% of the expected cash flows are hedged, with the condition that hedging costs need to be proportionate to the risk being hedged. As at 31 December 2023, 7.0% of group financing had been drawn in foreign currency: one loan with a carrying amount of 128.3 million euros (JPY 20 billion nominal value) and three loans with an aggregate carrying amount of 219.4 million euros (AUD 355 million nominal value) compared with 6.8% of total borrowings (one

Type	Counterparty	Interest rate	Currency	Notional amount (x1000)	Maturity date	Fair value in thousands of euros 31 December 2023	31 December 2022
Currency swap	JPMorgan	5.64%	JPY	20,000,000	2038	7,423	32,716
						7,423	**32,716**
Recognised in the balance sheet under:							
Non-current assets						7,423	32,716
Current assets/ liabilities						-	-
						7,423	**32,716**

loan with a carrying amount of 142.3 million euros and a nominal amount of JPY 20 billion and three loans with a carrying value of 226.2 million euros and a nominal amount of AUD 355 million) a year earlier. The JPY position is fully hedged by means of a EURJPY cross-currency swap. As the hedge is assessed to be effective, movements in the exchange rate will not affect the results relating to these borrowings. The effect on equity is temporary (only for the duration of the hedging transaction) and amounts to 7.4 million euros positive in 2023 (after deferred tax) (2022: 7.7 million euros). The borrowings in AUD serve as a natural hedge for the RPS of BACH and loan notes of TGHC held by Schiphol Group.

Schiphol Group has a number of strategic investments in activities outside the eurozone; of these, the net investments recognised in the balance sheet under ‘associates and joint ventures’ and 'contract-related assets' are affected by a translation risk. In accordance with the policy, the currency position relating to Schiphol Group’s net investments in activities outside the eurozone, totalling 360 million euros as at 31 December 2023 (377 million euros as at 31 December 2022), is not hedged. As translation differences on these positions are recognised as part of the translation reserves, they do not directly impact the results. In 2023, the negative effect on equity amounted to 11.4 million euros, leading to a decrease of the translation reserve from 9.1 million euros as per 31 December 2022 to 2.2 million euros negative as per 31 December 2023.

The Redeemable Preference Shares and Loan Notes which Schiphol Group owns in BACH and TGHC respectively are reported as part of the 'loans to associates and joint ventures'. As from 2019, a natural hedge exists between the currency risk relating to this long-term receivable and EMTN borrowings issued in 2019 denominated in AUD with related exchange differences being recognised in the income statement.

Schiphol Group’s risk (counterparty risk) in respect of the cross-currency swap is mitigated by a cash collateral agreement with JPMorgan, which results in a maximum net position for both parties that depends on the parties’ credit ratings. If the credit rating of either party is reduced, the maximum net position for that party will also decrease. Under the cash collateral agreement, the difference between the market value of the swap and the applicable maximum net position is paid weekly through the bank.

As at 31 December 2023, the maximum net position of JPMorgan amounted to 10 million euros (10 million euros as at 31 December 2022) and the maximum net position of Royal Schiphol Group to 10 million euros (5 million euros as at 31 December 2022), while the market value of the swap was approximately 7.4 million euros positive (32.7 million euros as at 31 December 2022) at Schiphol Group. As at 31 December 2023, Schiphol Group had no liability to JPMorgan.

The interest rate shown against the cross-currency swap is the fixed rate at which interest is payable to the counterparty, for which interest at the variable (or fixed) rate that Schiphol Group in turn has to pay on the loans concerned is receivable from the counterparty.

Price risk

Price risk is the risk of fluctuations in the value of assets and liabilities as a result of changes in market prices. Schiphol Group is affected mainly by the price risk on property investments which it recognises at fair value. This fair value is influenced by supply and demand and movements in interest rates and the rate of inflation, which is the basis for the Net Initial Yield (NIY). An average increase of 10% in the NIY on offices and commercial buildings demanded by property investors would reduce the value of those properties by a total of approximately 120.7 million euros (2022: 109.4 million euros). A 10% decrease in the NIY would increase the value by approximately 146.3 million euros (2022: 128.1 million euros). Under the accounting policy, in that situation profitability before tax would fall by the same amount.

Interest-rate risk

Interest-rate risk is divided into a fair value interest-rate risk and a cash flow interest-rate risk.

Fair value interest-rate risk is the risk of fluctuations in the value of a financial instrument as a result of movements in the market interest rate. Schiphol Group has limited financial assets that attract a cash flow interest-rate risk but is affected by fair value interest-rate risk on its fixed-interest borrowings. If market interest rates fell by an average of 0.5% point, this would lead to an increase of 26 million euros (0.6%) in the fair value of borrowings (2022: 29 million euros and 0.5%). An average increase of 0.5% point in market interest rates would lead to a fall of 24 million euros (0.5%) in the fair value of borrowings (2022: 28 million euros and 0.6%). Schiphol Group's policy is to draw at least 50% of borrowings at fixed interest rates, if necessary by using derivatives. As at 31 December 2023, 93% of borrowings were fixed-interest, excluding subsidiaries and associates (31 December 2022: 93%).

The cash flow interest-rate risk is the risk of fluctuations in the future cash flows of a financial instrument as a result of movements in market interest rates. Cash and cash equivalents, a 170 million euros loan with the EIB and a 180 million euros fixed to floating interest rate swap attract cash flow interest-rate risk.

Schiphol Group has put in place an interest rate swap of 180 million euros to swap fixed interest rate payments for floating interest rate payments. The swap mirrors the payments of Schiphol Group's outstanding 2025 bond. Under the swap, Schiphol Group receives a fixed coupon and pays a floating interest rate of 3-month Euribor + a spread. The fixed coupon received under the swap is identical to the coupon paid under the 2025 bond. With this swap Schiphol Group is hedging the fair value movements of the bond.

The hedge is accounted for as a fair value hedge and first became effective in 2023. As market interest rates change over the term of the bond, the fair value of the bond will change. Schiphol Group applies hedge accounting to the fair value hedge relationship. Schiphol Group designated the hedging relationship as a fair value hedge. Schiphol Group shall discontinue hedge accounting prospectively only if the hedging relationship ceases to meet the qualifying criteria as set out in *IFRS 9* Financial Instruments. Termination of the hedge is expected to occur on the bond maturity date. At the termination of the hedge, the hedging relationship shall be terminated. In the case of full prepayment of the bond, any fair value hedge adjustment will go immediately to profit or loss.

	2023	2022
Change in fair value of derivative	**1,591**	4,665
Change in fair value of liabilities for ineffective assessment (hedged items)	**(1,480)**	(4,500)
Net profit / (loss) recognised in profit or loss statement	**111**	164

Credit risk

Credit risk is the risk that one party to a financial instrument fails to fulfil its obligations, causing the other party to suffer a financial loss. Schiphol Group's counterparties in derivative financial instruments and liquidity transactions are restricted to financial institutions with high creditworthiness ratings (a minimum S&P credit rating of A) and the net position for each counterparty may not exceed 200 million euros. The maximum net position as at 31 December 2023 was 146.7 million euros (200 million euros as at 31 December 2022). At year-end 2023, Schiphol Group has a counterparty risk exposure of 75 million with AAA rating and 825 million with A rating bank facilities. The cash and cash equivalents are divided between different counterparties in order to meet the maximum net position per counterparty.

At 31 December 2023, trade receivables amounted to 227 million euros (31 December 2022: 140 million euros), after a provision for expected credit losses of 8 million euros (31 December 2022: 8 million euros) and including 4.8 million euros in security deposits received (31 December 2022: 5.2 million euros). Expected credit losses are measured based upon all possible situations and developments that may lead to default of the debtor during the expected total lifetime of the

						Fair value in thousands of euros	
Type	Counterparty	Interest rate	Currency	Notional amount (x1000)	Maturity date	31 December 2023	31 December 2022
Interest rate swap	ING Bank	0.00%	EUR	180,000	22-4-2025	**3,074**	4,665
						3,074	**4,665**
Recognised in the balance sheet under:							
Non-current liabilities						**3,074**	4,665
Current assets / liabilities						**-**	-
						3,074	**4,665**

receivable. This is primarily derived from a provisions matrix based on historical data on credit losses per business area.

Additionally, the measurement of credit losses is based on information accessible without undue costs and effort about current developments and expectations with regard to the market and significant trading relationships. The provision covers 100% of the receivables owed by debtors that are in bankruptcy or have applied for a suspension of payments, as well as receivables older than one year.

Schiphol Group holds RPS in BACH and Loan Notes in TGHC. Please see note 12 Loans to associates and joint ventures for additional information. BACH indicated that no dividends or interest will be paid out for the 2020, 2021 and 2022 financial years as a result of the negative impact of COVID-19 on the airport. The dividends and interest receivable that were accrued for in terms of the agreement have been paid out. There is no indication of an increase in the credit risk. TGHC has not paid out dividends in 2023 (1 million euros in 2022). A capital repayment to the amount of 2.8 million euros was received on the loan notes (2022: 13 million euros).

Parties using services from Schiphol Group are first assessed for creditworthiness. Depending on the outcome of this assessment, they may be required to provide security in the form of a bank guarantee or deposit to limit the credit risk. As at 31 December 2023, Schiphol Group holds 38.7 million euros in bank guarantees and security deposits (31 December 2022: 38.6 million euros). Koninklijke Luchtvaartmaatschappij N.V. (KLM) has an individual balance in excess of 80.4 million euros (2022: 33 million euros). The following table provides more details on the provision for bad debt and ageing analysis:

(in thousands of euros)	Weighted average loss rate	Gross carrying amount	Loss allowance	Carrying amount
Current (not past due)	0.0%	151,559	-27	151,532
1-30 days past due	-0.5%	61,398	-287	61,111
31-60 days past due	-2.5%	5,626	-140	5,486
61-90 days past due	-6.6%	2,065	-135	1,930
91-180 days past due	-24.2%	2,079	-503	1,576
181-365 days past due	-46.0%	2,100	-967	1,133
>365 days past due	-59.5%	10,146	-6,038	4,108
Bankruptcies	-83.7%	250	-209	41
	-3.5%	**235,223**	**-8,306**	**226,917**

Liquidity risk

Liquidity risk is the risk that Schiphol Group will have difficulty in raising the funding required to honour its commitments in the short term. Careful liquidity risk management means that Schiphol Group maintains sufficient liquid resources and has access to sufficient funding in the form of promised (and preferably committed) credit facilities and the EMTN programme. The financing policy is also aimed at reducing the refinancing risk. See note 20 Borrowings for further information on available facilities. In connection with liquidity risk, Corporate Treasury manages the cash pool through which several of the subsidiaries' bank balances are managed and netted for optimum balance management.

All items below are displayed with the remaining maturity based on the date of redemption or settlement agreed with the counterparty. The amounts are gross and undiscounted, and include estimated interest payments. Schiphol Group's policy is that no more than 25% of liabilities may have a term of less than one year. As at 31 December 2023, this figure was 6.3% (31 December 2022: 0.6%).

(in thousands of euros)	Total 2023	Contractual cash flows	<= 1 year	> 1 year	> 1 year but <= 5 years	> 5 years
Borrowings	4,919,298	4,919,298	306,135	4,613,163	1,718,743	2,894,421
Trade payables	196,090	196,090	196,090	-	-	-
Lease liabilities	14,278	14,278	5,749	8,529	8,529	-
Interest payable	31,664	31,664	31,664	-	-	-
Accruals	138,420	138,420	138,420	-	-	-
Total	**5,299,750**	**5,299,750**	**678,059**	**4,621,691**	**1,727,272**	**2,894,421**

(in thousands of euros)	Total 2022	Contractual cash flows	<= 1 year	> 1 year	> 1 year but <= 5 years	> 5 years
Borrowings	5,350,208	5,350,209	30,912	5,319,296	1,978,255	3,341,041
Trade payables	195,033	195,033	195,033	-	-	-
Lease liabilities	14,856	14,856	5,465	9,392	9,392	-
Interest payable	30,196	30,196	30,196	-	-	-
Accruals	168,097	168,097	168,097	-	-	-
Total	**5,758,390**	**5,758,391**	**429,702**	**5,328,688**	**1,987,647**	**3,341,041**

Financial instruments can be classified as follows, according to the measurement policy applied:

(in thousands of euros)	Level [1]	Total 2023	Amortised cost	Fair value through equity	Fair value through profit and loss	Fair value disclosure
Borrowings	1	3,488,077	3,488,077	-	-	3,137,012
Borrowings	2	1,608,934	1,431,221	-	177,713	1,368,813
Derivative financial instruments	2	3,074	-	3,074	-	3,074
Trade payables	n/a	196,090	196,090	-	-	196,090
Interest payable	n/a	31,664	31,664	-	-	31,664
Liabilities		**5,327,839**	**5,147,053**	**3,074**	**177,713**	**4,736,653**
Loans to associates	2	-113,141	-113,141	-	-	-
Other loans	2	-150	-150	-	-	-150
Derivative financial instruments	2	-7,423	-	-7,423	-	-
Trade receivables	n/a	-226,917	-226,917	-	-	-226,917
Cash and cash equivalents and deposits	n/a	-1,154,743	-1,154,743	-	-	-1,154,743
Assets		**-1,502,374**	**-1,494,951**	**-7,423**	**-**	**-1,381,810**
Total		**3,825,465**	**3,652,101**	**-4,349**	**177,713**	**3,354,843**

1 For financial instruments that are not reported at fair value, the level of fair value hierarchy included below relates to the fair value disclosed for this financial instrument.

The fair values are recalculated at the end of each reporting period. Depending on the input used, the established fair value falls into one of the following levels:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Quoted prices for similar assets and liabilities in active markets or information based on or supported by observable market inputs;
- Level 3: Unobservable inputs used to determine the fair value of an asset or liability.

Level 2 measurements are determined using various methods and assumptions based on market conditions on the reporting date. The fair value of these financial instruments is determined on the basis of the present value of the projected future cash flows converted into euros at the relevant exchange rates and the market interest rate applicable to Schiphol Group on the reporting date.

The nominal value is assumed to approximate the fair value of loans to associates, trade receivables, cash and cash equivalents and trade payables.

(in thousands of euros)	Level [1]	Total 2022	Amortised cost	Fair value through equity	Fair value through profit and loss	Fair value disclosure
Borrowings	1	3,745,528	3,745,528	-	-	3,109,115
Borrowings	2	1,900,020	1,604,680	-	295,340	1,462,945
Borrowings	3	-	-	-	-	-
Finance lease liabilities	2	-	-	-	-	-
Derivative financial instruments	2	4,665	-	4,665	-	4,665
Financial liability - Share buy back obligation	2	-	-	-	-	-
Trade payables	n/a	195,033	195,033	-	-	195,033
Interest payable	n/a	30,196	30,196	-	-	30,196
Liabilities		**5,875,441**	**5,575,436**	**4,665**	**295,340**	**4,801,952**
Loans to associates	2	-136,159	-136,159	-	-	-157,961
Other loans	2	-150	-150	-	-	-150
Derivative financial instruments	2	-32,716	-	-32,716	-	-
Other loans to associates	2	-	-	-	-	-
Asset held for sale	1	-	-	-	-	-
Trade receivables	n/a	-139,726	-139,726	-	-	-139,726
Cash and cash equivalents and deposits	n/a	-1,730,846	-1,730,846	-	-	-1,730,846
Assets		**-2,039,596**	**-2,006,880**	**-32,716**	**-**	**-2,028,682**
Total		**3,835,845**	**3,568,556**	**-28,051**	**295,340**	**2,773,270**

1 For financial instruments that are not reported at fair value, the level of fair value hierarchy included below relates to the fair value disclosed for this financial instrument.

Capital management

Schiphol Group's long-term capital strategy and dividend policy are geared towards improving shareholder value, facilitating sustainable long-term growth and preserving an appropriate financial structure and sound creditworthiness. Schiphol Group uses certain financial ratios, including cash flow-based metrics, to capture the dynamics of capital structure, dividend policy and cash flow generation and monitors its capital structure in line with credit rating agencies and comparable best practices.

In this context, key financial ratios employed include:

- Funds From Operations (FFO)/Net Debt: the FFO divided by the total debt minus cash and cash equivalents (including deposits > 3 months)
- Net leverage: interest-bearing debt minus cash and cash equivalents (including deposits > 3 months) divided by (underlying) EBITDA
- Funds From Operations (FFO) Interest Cover: the FFO plus interest charges divided by the interest charges

Funds From Operations

(in thousands of euros)	2023	2022
Operating result	5,878	-151,541
Depreciation and amortisation	337,661	327,042
Impairment loss	6,486	3,983
Result on disposal of investment property	-	-
Other result from investment property	150,595	191,632
Other non-cash changes in other receivables and liabilities	472	-16,739
Change in employee benefits and other provisions	-5,178	2,504
Income tax paid	-15,854	-13,138
Interest paid	-79,416	-80,242
Interest received	26,777	1,809
Dividend received	18,792	1,896
Funds From Operations	**446,213**	**267,207**

'Funds From Operations' is calculated specifically for the purpose of determining the financial ratios and differs from the cash flow from operations calculated in the consolidated cash flow statement in accordance with the reporting policies, in the Consolidated statement of cash flow for the year ended 31 December 2023. FFO is the cash flow from operating activities adjusted for operating capital. In 2023, FFO increased from 267 million euros to 446 million euros.

(in thousands of euros)	2023	2022
Borrowings	4,613,163	5,319,296
Lease liabilities	8,529	9,392
Non-current liabilities	**4,621,691**	5,328,688
Borrowings	306,135	30,912
Lease liabilities	5,749	5,465
Current liabilities	**311,884**	**36,377**
Total debt	**4,933,576**	**5,365,065**

For capital management purposes, debt consists of non-current and current liabilities as shown under 'Total debt'. For capital management purposes, equity is equal to equity in the consolidated balance sheet. At 31 December 2023, equity was 3,499 million euros (31 December 2022: 3,506 million euros).

Other notes to the consolidated financial statements

Related party disclosures

Related parties

Related parties	Nature of relationship and transactions	Relevant disclosure
Management Board	Management Board remuneration	Related party disclosures
Supervisory Board	Supervisory Board remuneration	Related party disclosures
Key Management personnel	Key Management personnel remuneration	Related party disclosures
Schiphol Airport Retail B.V.	Concession income, rent income	Revenue
ABP	Pension contributions	Employee benefits Trade and other payables
Groupe ADP	All shares have been sold during November and December 2022	Investments in associates and joint ventures Issued share capital and share premium
Brisbane Airport Corporation Holdings Ltd.	Associate / dividends and interest on receivable	Investments in associates and joint ventures Loans to associates and joint ventures
Tasmanian Gateway Holdings Corporation Pty Ltd.	Joint venture / dividends and interest on receivable	Investments in associates and joint ventures Loans to associates and joint ventures
NV Holding Business Park Luchthaven Maastricht (holding of Maastricht Aachen Airport)	Joint venture / dividends	Investments in associates and joint ventures
State of the Netherlands	Shareholder / dividends / government grants (including NOW)	Issued share capital and share premium Employee benefits
Municipality of Rotterdam	Shareholder / dividends	Issued share capital and share premium
Municipality of Amsterdam	Shareholder / dividends	Issued share capital and share premium
JFKIAT Member LLC.	Management contract	Intangible assets
Air France-KLM SA [1]	Government-related entity Airport and passenger-related charges Land and property rental agreements	Management of financial risks and financial instruments

1 The State of the Netherlands owns 14% of the shares in Air France-KLM SA. Royal Schiphol Group and Air France-KLM are therefore regarded as related parties as both companies are government-related entities.

There are a number of subsidiaries and joint ventures in which Schiphol Group holds an interest which results in either significant influence but no decisive control or exercising joint operational and policy control. These subsidiaries and joint ventures are designated as related parties.

The material related parties are included in the table above.

Operation of the airport

In its legislative capacity, the government (State of the Netherlands) is responsible for the legislation governing the operation of Amsterdam Airport Schiphol, which is provided for indefinitely in law in Chapter 8, Part 4 of the Aviation Act and other legislation.

Sections 8.7 and 8.17 of the Aviation Act impose constraints on the development and use of Amsterdam Airport Schiphol. The Airport Traffic Decree lays down rules for airport use and stipulates limits for noise levels, air pollution and risks to public safety. The Airport Planning Decree defines the airport zone and the restrictions governing the use of the airport and the surrounding area. The Aviation (Supervision) Regulations define the rules concerning safety on the airport grounds. As of July 2017, the new Aviation Act became effective, which includes changes with respect to the consultation on and settlement of tariffs. This means that as of 2018, Schiphol set the tariffs for every three-year period.

There are two lines of supervision on the airport operation of Amsterdam Airport Schiphol.

One line of supervision concerns preventing abuse, by the operator, of its position of economic strength. The body responsible for this supervision is the ACM. The supervision relates to the charges and conditions fixed by the operator pursuant to Section 8.25d of the Aviation Act to be charged to the airport users in the subsequent year.

The other line of supervision involves the Ministry of Infrastructure and Water Management and relates to the operation of Amsterdam Airport Schiphol, for which a licence has been granted pursuant to Section 8.25 of the Aviation Act. The operator reports to the minister on the operation of the airport at least once every three years, with special reference to capital expenditure that is important to the development of the airport. The ability to foster the mainport status of the airport, to the extent that the operator is able to influence that status, is particularly dependent on the development of the airport infrastructure in the medium and long term.

Remuneration for members of the Supervisory Board

		Committees				
(x EUR 1)	Remuneration	Audit	People	Safety, Sustainability & Stakeholders	Capital Programme, Operations & Investments	Total 2023
J. Winter	40,769	-	5,585	5,585	-	**51,939**
R.J. van de Kraats	26,807	6,702	4,189	-	-	**37,698**
S.G. Brummelhuis	26,807	-	5,585	5,585	5,585	**43,562**
D. Collier	26,807	6,702	-	-	5,585	**39,094**
F. Figee	19,361	4,842	-	-	1,396	**25,599**
E. van Galen	26,807	6,702	-	5,585	-	**39,094**
M.C. van der Laan	19,894	-	4,035	4,035	-	**27,964**
A.B.M. Olsson	13,404	-	2,792	2,792	2,792	**21,780**
Total	**200,656**	**24,948**	**22,186**	**23,582**	**15,358**	**286,730**

		Committees				
(x EUR 1)	Remuneration	Audit	People	Safety, Sustainability & Stakeholders	Capital Programme, Operations & Investments	Total 2022
J. Winter	35,692	-	5,409	5,409	-	**46,510**
L.J. Gunning-Schepers	11,188	-	1,533	1,533	-	**14,253**
E. van Galen	27,694	6,924	-	5,770	-	**40,387**
R.J. van de Kraats	25,963	6,491	-	-	-	**32,454**
A.B.M. Olsson	25,963	-	5,409	5,409	5,409	**42,190**
S.G. Brummelhuis	25,963	-	5,409	5,409	5,409	**42,190**
D. Collier	25,963	6,491	-	-	5,409	**37,863**
Total	**178,427**	**19,905**	**17,760**	**23,529**	**16,227**	**255,848**

All members of the Supervisory Board also receive an annual expense fee of 1,697 euros (2022: 1,643 euros) on top of the remuneration for Supervisory Board members referred to above. No shares, share options, loans, advances or guarantees have been or will be granted to members of the Supervisory Board.

Mr. Figee and ms. Van der Laan joined the Supervisory Board of Royal Schiphol Group on 11 April 2023. On the same date mr. Olsson stepped down after two terms.

For more information on the Supervisory Board, refer to Supervisory Board.

Remuneration for Management Board members

(x EUR 1)	Salary	Variable remuneration	Pension costs	Pension costs (supplementary)	Other payments[1]	Severance pay	Total 2023
L.M. Sondag[2]	458,021	68,703	24,691	65,118	46,334	-	662,867
R.J. Carsouw	389,318	58,398	24,258	40,275	43,779	-	556,028
H.L. Buis[3]	227,102	34,065	14,151	19,436	10,602	202,616	507,972
Total	**1,074,441**	**161,166**	**63,100**	**124,829**	**100,715**	**202,616**	**1,726,867**

1 The stated amounts mainly concern (share of) allowances to the management board members that can be considered as remuneration. In a situation where such a share of an allowance can be considered as (indirect) remuneration then the share is both valued and accounted for here. The method employed by the fiscal authorities is the starting point for the value stated.
2 Appointed since 1 November 2022. Initially appointed for a term of one year and extended until ultimately 29 February 2024.
3 The employment contract with Ms. Buis was terminated early 2023.

(x EUR 1)	Salary	Variable remuneration	Pension costs	Pension costs (supplementary)	Other payments[1]	Severance pay	Total 2022
L.M. Sondag	73,934	-	5,656	10,837	8,408	-	98,835
D.A. Benschop[2]	443,604	-	33,935	73,736	34,405	-	585,679
R.J. Carsouw	377,064	-	31,519	39,303	37,633	-	485,520
B.I. Otto[3]	157,380	-	13,133	20,309	10,052	377,064	577,939
H.L. Buis	377,064	-	31,519	32,329	15,380	-	456,293
Total	**1,429,046**	**-**	**115,763**	**176,515**	**105,877**	**377,064**	**2,204,265**

1 The stated amounts mainly concern (share of) allowances to the management board members that can be considered as remuneration. In a situation where such a share of an allowance can be considered as (indirect) remuneration then the share is both valued and accounted for here. The method employed by the fiscal authorities is the starting point for the value stated.
2 D.A. Benschop was President & CEO until 31 October 2022.
3 B.I. Otto was Membger of the Management Board & COO until 31 May 2022.

The remuneration of Management Board members is disclosed in accordance with Section 2:383c of the Dutch Civil Code. Periodic remuneration comprises the total of gross salary and holiday pay.

Based on the Supervisory Board's assessment of the extent to which the targets were achieved, the short-term incentives as presented in the table above have been charged to the result for 2023. The total variable remuneration for the Management Board over the year 2023 is determined to be 15% of the respective members' fixed salaries.

Mr. Sondag was appointed as President & CEO as of 1 November 2022 for an initial term of one year. At the request of the Supervisory Board, it was decided to extend Mr. Sondag's interim period until ultimately 29 February 2024.

Remuneration Key Management personnel

As of 1 February 2023, Schiphol Group changed the management structure of its organisation. The Management Board was transformed into a broader operational Executive Team that is responsible for managing the company. This did not affect the statutory responsibility of the Management Board that is currently formed by Ruud Sondag (CEO) and Robert Carsouw (CFO). The company considers the members of the Executive Team and the Supervisory Board to be the Key Management personnel as defined in *IAS 24* Related Party Disclosures.

In 2023, the total remuneration costs of Key Management personnel to the members amounted to EUR 3.4 mln (2022: EUR 2.5 mln) includes the Executive Team (consisting of 6 members as of 1 February 2023, including the members of the Management Board) and the remuneration of the Supervisory Board. The 2023 remuneration of the Supervisory Board is included in salary.

During 2022 Key Management personnel consisted of the Management Board and the Supervisory Board. The Key Management remuneration can be displayed as follows:

(x EUR 1)	2023	2022
Salary	2,429,797	1,684,894
Variable Remuneration	303,532	-
Pension Costs	148,040	115,763
Pension Costs (supplementary)	135,552	176,515
Other Payments	197,982	105,877
Severance Pay	202,616	377,064
Total	**3,417,519**	**2,460,113**

For further details, please refer to Management Board remuneration.

Subsidiaries

	Registered in	Direct / indirect interest in %
Schiphol Nederland B.V.[1]	Schiphol	100.00
Schiphol Australia Pty Ltd	Schiphol	100.00
Schiphol North America Holding Inc.	Delaware	100.00
Eindhoven Airport N.V.	Eindhoven	51.00
N.V. Luchthaven Lelystad[1]	Lelystad	100.00
Luchthaven Lelystad Vastgoed B.V.[1]	Lelystad	100.00
Schiphol USA Inc.	New York	100.00
Rotterdam Airport B.V.[1]	Rotterdam	100.00
Rotterdam Airport Holding B.V.[1]	Rotterdam	100.00
Rotterdam Airport Vastgoed B.V.[1]	Rotterdam	100.00
Schiphol International B.V.	Schiphol	100.00
Schiphol Commercial B.V.[1]	Schiphol	100.00
Airport Real Estate Management B.V.[1]	Schiphol	100.00
Avioport Srl	Lonate Pozzolo	100.00
Schiphol Telematics B.V.[1]	Schiphol	100.00

1 Article 403 of the NCC is applied.

The list includes the significant subsidiaries to Schiphol Group that are consolidated. The full list has been registered with the Chamber of Commerce.

The abridged balance sheet for the minority interest in Eindhoven Airport N.V. excluding the interests of Schiphol Group is presented below.

(in thousands of euros)	2023	2022
Assets		
Non-current assets	56,844	55,816
Current assets	21,329	10,296
	78,173	**66,112**
Equity and liabilities		
Total equity	65,086	58,478
Non-current liabilities	39	246
Current liabilities	13,048	7,389
	78,173	**66,112**

The abridged income statement for this company:

(in thousands of euros)	2023	2022
Revenue	42,589	39,126
Other income and results from investment property	-136	-46
	42,453	**39,081**
Total operating expenses	29,751	26,694
Operating profit	**12,702**	**12,386**
Financial income and expenses	-128	-332
Profit before tax	**12,574**	**12,054**
Corporate income tax	3,222	3,092
Profit for the year	**9,352**	**8,962**

Events after the balance sheet date

Acquisition of airport retailer Kappé

On 18 January 2024 Schiphol Group acquired 100% of the issued share capital of airport retailer Kappé Logistics B.V. and Kappé Nederland B.V. with effective date 1 January 2024. The results for Kappé will be included in the consolidated numbers of Schiphol Group as of the effective date.

Kappé sells perfumes, cosmetics, sunglasses and pharmacy products in fifteen shops at Schiphol Amsterdam Airport. With this acquisition, Schiphol wants to further develop the business, continue to invest in these shops and look to the future with new stores and concepts. Continuity for the shops and for employees is key. Furthermore, Schiphol is focusing on the already initiated professionalisation of Kappé and the cooperation with commercial partners. In the long term, the acquisition will allow Schiphol Amsterdam Airport to flexibly allocate the available square metres, with room for innovation and an improved shopping experience for passengers.

The purchase consideration amounted to 50 - 52 million euros and consists of cash paid. The purchase price allocation has yet to take place given the closing accounts are still under preparation. It is expected that the majority of the excess purchase consideration will either result in goodwill or contract related assets.

Lelystad airport

On the 30th of January 2024 the majority of the Dutch Parliament voted against the opening of Lelystad airport for commercial flights. This is, however, not a decision. When a decision against opening of Lelystad becomes irreversible it will have a significant impact on amongst others the carrying amount of Property, Plant and Equipment of Lelystad airport.

Other

There are no other reportable events after the balance sheet date.

Company income statement for the year ended 31 December 2023

(in thousands of euros)	note	2023	2022
Revenue		-	-
Cost of outsourced work and other external costs		45	50
Employee benefits expense		1,509	2,249
Other operating expenses		401	664
Total operating expenses		**1,955**	**2,963**
Operating profit		**-1,955**	**-2,963**
Financial income and expenses		**-24,152**	**-523**
Share in results of associates and joint ventures	27	-	-
Share in results of subsidiaries	27	33,156	-90,909
Result before tax		**7,049**	**-94,395**
Income tax expense	32	5,657	8,139
Result attributable to shareholders (net result)		**12,706**	**-86,256**

Company balance sheet as at 31 December 2023

(in thousands of euros)	Note	31 December 2023	31 December 2022
Assets			
Investments in subsidiaries	27	3,787,425	3,777,330
Investments in associates	27	-	-
Derivatives	26	7,423	32,716
Deferred tax assets	32	-	15,743
Non-current assets		**3,794,848**	**3,825,789**
Receivables	28	6,852,991	6,782,703
Cash and cash equivalents	28	1,186	2,124
Current assets		**6,854,177**	**6,784,827**
Total assets		**10,649,025**	**10,610,616**

(in thousands of euros)	Note	31 December 2023	31 December 2022
Equity and liabilities			
Issued share capital		84,511	84,511
Share premium		362,811	362,811
Treasury shares		-420,320	-420,320
Retained profits		2,620,567	2,618,741
Other reserves		-23,229	3,436
Revaluation reserve		474,828	587,497
Other statutory reserves		321,575	296,988
Net result of the year		12,706	-86,256
Shareholders' equity	29	**3,433,449**	**3,447,408**
Deferred tax liabilities	32	2,348	1,448
Loans and borrowings - EMTN programme	22	4,013,428	4,412,193
Derivatives	26	3,074	4,665
Non-current liabilities		**4,018,850**	**4,418,306**
Current liabilities	31	3,196,726	2,744,902
Current liabilities		**3,196,726**	**2,744,902**
Total liabilities		7,215,576	**7,163,208**
Total equity and liabilities		**10,649,025**	**10,610,616**

Notes to the company financial statements

Accounting policies

The company financial statements have been prepared in accordance with the statutory provisions of Title 9, Book 2 of the Dutch Civil Code, exercising the option in Section 2:362(8) of the Dutch Civil Code to apply the same accounting policies for the company. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU).

The accounting policies for the company financial statements are the same as those for the consolidated financial statements. Where no specific policies are mentioned, see the accounting policies for the consolidated financial statements. Royal Schiphol Group N.V. is registered at the Chamber of Commerce under number 34029174.

Subsidiaries

Companies over which Royal Schiphol Group N.V. is able to exercise control or which Royal Schiphol Group N.V. effectively manages are stated at net asset value determined by measuring the assets, provisions and liabilities and results according to the policies applied in preparing the consolidated financial statements. If the share of losses attributable to Royal Schiphol Group N.V. exceeds the carrying amount of a subsidiary, losses over and above that amount are not recognised unless Royal Schiphol Group N.V. has given guarantees to the entity concerned or other commitments have been entered into or payments have been made on behalf of that entity. In that case, a provision is made for the consequent liabilities. Results on transactions with subsidiaries are eliminated in proportion to the interest in the entities concerned, except where the results arise on transactions with third parties. Losses are not eliminated if there are indications of impairment of the assets concerned.

Elements of equity

Various statutory reserves are maintained in the company balance sheet and form part of the retained profits in the consolidated balance sheet. These reserves restrict the ability to distribute the equity. They are the reserve for property revaluations and the reserves for intangible assets and for investments in associates and joint ventures. The latter two reserves have been combined under other statutory reserves.

The revaluation reserve (Section 2:390(1) of the Dutch Civil Code) is maintained for unrealised fair value gains on individual items of investment property (land and buildings) held by companies forming part of Schiphol Group. Additions to this reserve are made through the profit appropriation, after allowing for corporate income tax. On the sale of investment property, the amount of the revaluation reserve for the property in question is transferred to other reserves.

The other statutory reserves comprise the reserve for intangible assets and the reserve for investments in associates and joint ventures.

The reserve for intangible assets (Section 2:365(2) of the Dutch Civil Code) is maintained in connection with research and development costs (software) capitalised by companies forming part of Schiphol Group.

The legal reserve for participating interests (Section 2:389(6) of the Dutch Civil Code) is formed for the share in the positive results of the entities concerned and in fair value gains recognised directly in equity. Amounts are not recognised in respect of entities whose cumulative results are not positive. The reserve is reduced by the amount of dividend distributions, fair value losses recognised directly in equity and any distributions which Schiphol Group would be able to effect without restriction.

Equity in the consolidated balance sheet comprises an exchange differences reserve, an other financial interests reserve and a hedging transactions reserve. These reserves (recognised collectively in the company financial statements under 'Other reserves') are also presented as part of company equity since they similarly restrict the ability to distribute the reserves.

Notes to the company balance sheet and income statement

Where the notes to the company balance sheet and income statement are not materially different from the notes to the consolidated balance sheet and income statement, they have not been repeated. See the notes to the consolidated balance sheet and statement of income for the items concerned. This also applies to the disclosures on contingent assets and liabilities in note 25 as well as management of financial risks and financial instrument in note 26.

Fiscal unity

Together with part of the subsidiaries, Royal Schiphol Group N.V. forms a fiscal unity for corporate income tax and VAT purposes. As such, each of the entities within the fiscal unity is jointly and severally liable for the tax debt of the fiscal unity.

27. Non-current assets

Movement of subsidiaries and associates were as follows:

(in thousands of euros)	Subsidiaries	Associates	Total
Carrying amount as at 1 January 2022	3,840,205	0	3,840,205
Movements in 2022			
Result for the year	-90,909	-	-90,909
OCI Movement	21,528	-	21,528
Translation differences	-817	-	-817
Changes in the hedging transactions reserve	7,283	-	7,283
Other movements	40	-	40
	-62,875	-	-62,875
Carrying amount as at 31 December 2022	3,777,330	-	3,777,330
Movements in 2023			
Result for the year	33,156	-	33,156
OCI Movement	-4,230	-	-4,230
Translation differences	-11,425	-	-11,425
Changes in the hedging transactions reserve	6,228	-	6,228
Other movements	-13,634	-	-13,634
	10,095	-	10,095
Carrying amount as at 31 December 2023	3,787,425	-	3,787,425

Subsidiaries are the wholly-owned subsidiaries of Schiphol Nederland B.V. or Schiphol International B.V., with the exception of Eindhoven Airport N.V. Section 2:403 of the Dutch Civil Code applies to Schiphol Nederland B.V.

28. Current assets

Cash and cash equivalents are freely available. Receivables, cash and cash equivalents are included at fair value, which is usually face value.

(in thousands of euros)	2,023	2022
Group companies balances	6,852,991	6,782,703
	6,852,991	**6,782,703**

29. Shareholders' equity

(in thousands of euros)	Issued share capital	Share premium	Treasury shares	Retained profits	Other reserves	Revaluation reserve	Other statutory reserves	Net Result Financial Year	Total
Carrying amount as at 1 January 2022	**84,511**	**362,811**	**-**	**1,765,688**	**-48,907**	**981,781**	**230,766**	**104,671**	**3,481,321**
Movements in 2022									
Appropriation of result for previous year	-	-	-	104,671	-	-	-	-104,671	**-**
Distribution of dividend	-	-	-	-	-	-	-	-	**-**
Exchange differences	-	-	-	-	-817	-	-	-	**-817**
Movements in hedge reserve	-	-	-	-	26,223	-	-	-	**26,223**
Net result	-	-	-	-	-	-	-	-86,256	**-86,256**
Addition statutory reserves	-	-	-	328,063	-	-394,284	66,221	-	**-**
Other comprehensive income from associates	-	-	-420,320	420,320	21,528	-	-	-	**21,528**
Actuarial gains and revaluations after taxation	-	-	-	-	5,409	-	-	-	**5,409**
Total movements in the year	**-**	**-**	**-420,320**	**853,054**	**52,343**	**-394,284**	**66,221**	**-190,927**	**-33,913**
Carrying amount as at 31 December 2022	**84,511**	**362,811**	**-420,320**	**2,618,741**	**3,436**	**587,497**	**296,986**	**-86,256**	**3,447,408**
Movements in 2023									
Appropriation of result for previous year	-	-	-	-86,256	-	-	-	86,256	**-0**
Distribution of dividend	-	-	-	-	-	-	-	-	**-**
Exchange differences	-	-	-	-	-11,425	-	-	-	**-11,425**
Movements in hedge reserve	-	-	-	-	-6,922	-	-	-	**-6,922**
Net result	-	-	-	-	-	-	-	12,706	**12,706**
Addition statutory reserves	-	-	-	88,080	-	-112,669	24,589	-	**0**
Other	-	-	-	-	-	-	-	-	**-**
Other comprehensive income from associates	-	-	-	-	-4,230	-	-	-	**-4,230**
Actuarial gains and revaluations after taxation	-	-	-	-	-4,088	-	-	-	**-4,088**
Total movements in the year	**-**	**-**	**-**	**1,824**	**-26,665**	**-112,669**	**24,589**	**98,962**	**-13,959**
Carrying amount as at 31 December 2023	**84,511**	**362,811**	**-420,320**	**2,620,567**	**-23,229**	**474,828**	**321,575**	**12,706**	**3,433,449**

The other statutory reserves comprise the reserve for intangible assets and the reserve for investments in associates.

Given the legal obligation to recognise a Revaluation reserve and Other Statutory reserves, an amount of 88 million euros was added to Retained profits (2022: 328 million euros added) and Other Statutory Reserves and subtracted from the Revaluation reserve in 2023.

Proposed result appropriation

No dividends will be paid out for the 2023 and 2022 financial years.

30. Employee benefits

The liabilities for employee benefits relate to the Management Board of Royal Schiphol Group N.V. and concern the net liabilities in respect of the short-term incentives. See the notes on Remuneration for Management Board members in the consolidated financial statements for further details.

31. Current liabilities

(in thousands of euros)	2023	2022
Group companies	3,172,685	2,723,064
Accruals	24,041	21,838
	3,196,726	**2,744,902**

See note 3 Outsourcing and other external costs to the consolidated financial statements for a breakdown of auditor's fees.

32. Income taxes

This note contains details on items in the company-only financial statements with regard to income tax, being income tax recognised in the statement of income, deferred taxes recognised in the statement of financial position and current tax positions in the statement of financial position.

(in thousands of euros)	2023		2022	
Result before tax	7,049		-94,395	
Income tax calculated at the domestic tax rate	1,819	25.8%	-24,354	25.8%
Share in results of associates and joint ventures	-	0.0%	-	0.0%
Share in results of subsidiaries	-8,554	-121.4%	32,016	-33.9%
Changes in corporate income tax rate				
Participation exemption on results from financial asset and liability (Groupe ADP)	-	0.0%	-15,801	16.7%
Other (includes non-deductible expenses)	1,079	15.3%		
Income tax expense in income statement (effective)	**-5,657**	**-80.2%**	**-8,139**	**8.6%**

The 2022 deferred tax asset in 2022 amounting to 15.7 million euros relates to unutilised tax losses (due to company operating losses). This deferred tax asset is within the group reclassified to Schiphol Nederland in which the total deferred tax position relating to the tax loss carry forward of the Dutch fiscal unity is reported. The deferred tax liability amounts to 2.3 million euros (2022: 1.4 million euros) and relates to erivatives.

Please refer to the consolidated tax note for a detailed description (note 10 Income taxes).

Schiphol, 15 February 2024

Supervisory Board

J. Winter, Chair

R.J. van de Kraats, Vice Chair

S.G. Brummelhuis

D. Collier

C. Figee

E. van Galen

M.C. van der Laan

For the company financial statements 2023:

Management Board

L.M. Sondag
President & Chief Executive Officer

R.J. Carsouw
Chief Financial Officer

Other Information

Proposed result appropriation

Article 26 of the company's Articles of Association contains the following provisions on profit appropriation:

1. Without prejudice to the provisions of Section 2:105 of the Dutch Civil Code, the profit according to the financial statements prepared by the Management Board shall be added to the reserves unless the General Meeting of Shareholders resolves to make profit distributions according to a proposal by the Management Board approved by the Supervisory Board.

2. The General Meeting of Shareholders shall decide the appropriation of the amounts thus reserved according to a proposal by the Management Board approved by the Supervisory Board.

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Independent auditor's report

To: the General Meeting and the Supervisory Board of Royal Schiphol Group N.V.

Report on the audit of the financial statements 2023 included in the Annual Report

Our opinion

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Royal Schiphol Group N.V. as at 31 December 2023 and of its result and its cash flows for the year then ended, in accordance with IFRS Accounting Standards as endorsed by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the accompanying company financial statements give a true and fair view of the financial position of Royal Schiphol Group N.V. as at 31 December 2023 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2023 of Royal Schiphol Group N.V. ('Schiphol' or 'the Company') based in Schiphol. The financial statements include the consolidated financial statements and the company financial statements.

The consolidated financial statements comprise:

1. the consolidated statement of financial position as at 31 December 2023;
2. the following consolidated statements for the year ended 31 December 2023: the statements of income, comprehensive income, changes in equity and cash flow; and
3. the notes comprising material accounting policy information and other explanatory information.

The company financial statements comprise:

1. the company balance sheet as 31 December 2023;
2. the company income statement for the year ended 31 December 2023; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Schiphol in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in respect of going concern, fraud and non-compliance with laws and regulations, climate-related risks and the key audit matters was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

Summary

Materiality
- Materiality of EUR 15 million
- 0.8% of Revenue for the year 2023

Group audit
- Audit coverage of 93% of total assets
- Audit coverage of 93% of revenue

Risk of material misstatements related to Fraud, NOCLAR, Going concern and Climate risks
- Fraud risks: we identified the presumed risk of management override of controls and risk on tendering and contracting of operational assets and further described these in the section 'Audit response to the risk of fraud and non-compliance with laws and regulations'. Our audit procedures did not reveal indications and/or reasonable suspicion of fraud that are considered material for our audit.
- Non-compliance with laws and regulations (NOCLAR) risks: no reportable risk of material misstatements related to NOCLAR risks identified.
- Going concern risks: no risks identified on the use of the going concern basis by management.
- Climate-related risks: no risk of material misstatement for the financial statements identified.

Key audit matters
- Valuation of investment in Hobart Airport
- Valuation of investment property
- Revenue from regulated airport charges

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 15 million (2022: EUR 11 million). The materiality is determined with reference to the revenues for the year 2023, of which it represents 0.8%. We consider revenues as the most appropriate benchmark because of the volatility in result before tax over the past years.

Materiality significantly changed compared to last year when we used the average consolidated revenue over the 5-year period 2018-2022 as benchmark, as the revenues for the year 2022 were still partially impacted by the COVID-19 related travel restrictions. The revenues for the year 2023 are no longer impacted by this and represent the revenues of the normal, continuing operations of the Company. Therefore we determine it appropriate to base our materiality on the revenues for the year 2023 instead of an average over multiple years. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements identified during our audit in excess of EUR 0.75 million would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Schiphol is at the head of a group of components. The financial information of this group is included in the financial statements of Schiphol.

Our group audit mainly focused on component Amsterdam Airport Schiphol, with significant activities within the business areas Aviation and Schiphol Commercial for which we have performed audit procedures ourselves.

We have made use of the work of another auditor for a selected foreign activity, being the investment in the associate Brisbane Airport Corporation Holdings Ltd., within the business area Alliances & Participations. We have prepared instructions with procedures to be performed and evaluated the outcome of the procedures performed by the other auditor including a review of the findings reported to us.

For other group entities, including the activities at Hobart International Airport Pty. Ltd., Terminal 4 of JFK IAT, Eindhoven Airport, Lelystad Airport and Rotterdam The Hague Airport, we performed specific audit procedures ourselves. For the residual population not in scope we performed analytical procedures in order to corroborate that our scoping remained appropriate throughout the audit.

By performing the procedures mentioned above at group components, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.

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The audit coverage as stated in the section summary can be further specified as follows:

Total assets

89%	1%	4%
Audit of the complete reporting package	Audit of specific items	Specified audit procedures

Revenue

93%	0%	0%
Audit of the complete reporting package	Audit of specific items	Specified audit procedures

Audit response to the risk of fraud and non-compliance with laws and regulations

In chapter 'Risk management' of the 'Governance' section of the Annual Report, the Management Board describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations. The Supervisory Board reflects on this assessment.

As part of our audit, we have gained insights into Schiphol and its business environment and Schiphol's risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing Schiphol's (supplier) code of conduct, integrity reports and its procedures to investigate indications of possible fraud and non-compliance, publicly held information in relation to negative publicity, correspondence with supervisory authorities and regulators, legal confirmation letters and other positions ('nevenfuncties') held by the Management Board and Supervisory Board members. Furthermore, we performed relevant inquiries with the Management Board, Supervisory Board and other relevant functions, such as Corporate Risk and Audit Services, the Compliance & Ethics Officer and the Legal Counsel.

As a result from our risk assessment, we identified the following laws and regulations as those most likely to have a material effect on the financial statements in case of non-compliance:

- Dutch Aviation Act;
- European tendering regulation;
- Environmental regulation.

We rebutted the presumed fraud risk on revenue recognition, because of the lower complexity and absence of judgment in accounting for all revenues and the involvement of third parties in the revenue processes.

Based on the above and on the auditing standards, we identified the following fraud risks that are relevant to our audit and responded as follows:

Management override of controls (a presumed risk)

Risk

Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Our response

- We evaluated the design and the implementation of internal controls that mitigate fraud risks, such as processes related to journal entries. In case of internal control deficiencies, where we considered there would be opportunity for fraud, we performed supplemental detailed risk-based testing.
- We performed a data analysis of high-risk journal entries intended to identify unusual combinations of accounts from CAPEX with a direct impact on the operating result. Where we identified instances of these journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk, including testing of transactions back to source information.
- We evaluated key estimates and judgments for potential bias by management, including retrospective reviews of prior years' estimates, such as for the key audit matters 'Valuation of investment in Hobart Airport' and 'Valuation of investment property'.
- We incorporated elements of unpredictability in our audit, including in our asset verification procedures, challenging of different inputs of the impairment models, in testing completeness of the flight database and by performing data analytics on the revenue-to-cash cycle.

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Tendering and contracting of operational assets

Risk

Potential conflicts of interest when awarding major contracts or when deciding on scope changes regarding operational assets.

Our response

- We evaluated the design and implementation of internal controls related to the awarding of contracts and scope changes and controls designed to ensure adherence to EU tender requirements. We also evaluated the controls around project risk management, including segregation of duties, and project progress assessment.
- We performed test of details on a selection of predefined high value scope changes and variation orders (to the extent applicable).
- We assessed the developments in the ongoing discussion and legal procedures regarding the termination of the contract with the previous main contractor of the A-Pier to evaluate the completeness of provisions, if any, and the appropriateness of the related disclosures.

Our evaluation of procedures performed related to fraud and non-compliance with laws and regulations did not result in a key audit matter.

We communicated our risk assessment, audit responses and results to the Management Board and the Supervisory Board. Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

Audit response to going concern

The Management Board has performed its going concern assessment as included on page 174 of the financial statements and has not identified any going concern risks. Our main procedures to assess the Management Board's assessment were:

- we considered whether the Management Board's assessment of the going concern risks includes all relevant information of which we are aware as a result of our audit;
- we analysed Schiphol's financial position as at year-end and compared it to the previous financial year in terms of indicators that could identify going concern risks;
- we inquired with the Management Board on the key assumptions and principles underlying the Management Board's assessment of going concern risks;
- we inspected the financing agreements in terms of conditions that could lead to going concern risks, including the term of the agreements and any covenants;
- we analysed whether the headroom of the ratios included in the financing agreements is sufficient or if it gives rise to the risk of the covenants in the financing agreements being breached.

The outcome of our risk assessment procedures did not give reason to perform additional audit procedures on management's going concern assessment.

Audit response to climate-related risks

Schiphol has set out its ambition in which their operations will be zero-emission and zero-waste by 2030 and to function as an energy-positive and fully circular organisation by 2050 in the section 'Our Why, ambition and strategy' in the Annual Report, including its eight-point plan towards a quieter, cleaner and better Schiphol. Further, in section 'Quality of Life' in the Annual Report, Schiphol describes its commitment to reaching the targets set out in the Paris climate agreement, which are translated into the 2019 Klimaatakkoord ('Dutch Climate Agreement').

Management has updated its detailed risk assessment, against the background of Schiphol's business and operations and position in the aviation sector, how climate-related risks and opportunities and Schiphol's own ambitions could have a significant impact on its business and could impose the need to adapt its strategy and operations (climate adaptation). Management has considered the impact of both transition and physical risks on the financial statements in accordance with the applicable financial reporting framework, for example on assets used for operating activities, such as runways and baggage cellars.

Management prepared the financial statements, including considering whether the implications from climate-related risks and ambitions have been appropriately accounted for and disclosed.

As part of our audit we performed a risk assessment of the impact of climate-related risk and Schiphol's ambitions in respect of climate change on the financial statements and our audit approach. In doing this we:

- assessed management's assessment and made inquiries of management and the Audit Committee of the Supervisory Board. We obtained an understanding of the assessment against the background of Schiphol's business and position in the aviation sector and of the potential impact of climate-related risk and opportunities on Schiphol's financial statements and Schiphol's preparedness for this;
- evaluated potential climate-related fraud risk factors such as the CO^2 TPI impacting the variable remuneration of the Management Board and have not identified climate-related fraud risks for the financial statements 2023;
- made use of KPMG climate risk experts to assist in understanding how climate-related risks and opportunities may affect the entity and its accounting in the financial statements 2023.

Based on the risk assessment procedures performed above we found that climate-related risks have no material impact on the current financial statements under the requirements of EU-IFRS and no material impact on our key audit matters.

Furthermore we have read the 'Other information' in the Annual Report with respect to climate-related risks and considered whether such information contains material inconsistencies with the financial statements or our knowledge obtained through the audit, in particular as described above and our knowledge obtained otherwise.

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Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

Compared to last year the key audit matter 'Financial consequences of the operational disruption at Amsterdam Schiphol Airport' is no longer included, as the airport showed significant operational performance improvements during 2023, cost compensation agreements have been concluded regarding the 2022 financial year and no litigations are currently ongoing.

In addition, the key audit matter 'Valuation of investment in Amsterdam Airport Schiphol' is no longer included as in the 2022 financial year it was concluded that sufficient headroom is present, also taking into account a possible lower cap on the number of flights at Amsterdam Airport Schiphol.

Valuation of investment in Hobart Airport

Description

Schiphol has several equity stakes in international airports. The valuation of Hobart Airport based on IAS 36 is considered to be significant in our audit due to the timing of the acquisition just before the outbreak of COVID-19 in October 2019, an ambitious long-term forecast and increasing discount rates. Therefore it is considered to contain a significant risk of error due to a relative high goodwill value.

Impairment assessment requires judgements and estimates towards future results of business including key assumptions like discount rate, growth rate etc. The accurate valuation of assets is considered to be a key audit matter as the amount involved is significant and management judgement is inherent in an impairment test.

Our response

Our testing procedures included:

- We evaluated the design and implementation of internal controls on the impairment testing process.
- We assessed the internal valuation methodology and calculations from Schiphol management.
- We involved our own valuation specialists to assess the valuation methodologies applied and assess the reasonableness of market assumptions made by management, such as discount rates used.
- We verified accuracy and completeness of key input data. We evaluated the assumptions in respect of projected available future cash flows from operating, financing and investing activities. We performed sensitivity analyses on key variables in the base case cash flow model to understand the impact of changes in certain assumptions
- We assessed the potential risk of management bias and evaluated the adequacy of the disclosure of the impairment analysis as set forth in note 11.

Our observation

We found management's assumptions and aforementioned disclosures to be acceptable.

Valuation of investment property

Description

Valuation of investment property is a key audit matter due to the significant value of investment property and the extent of estimation uncertainty. Investment property is measured at fair value and comprises 17% of consolidated total assets. As disclosed in note 2 to the financial statements, the unrealised result from revaluation of investment property in the year 2023 amounts to EUR 151 million negative.

The valuation of investment property is complex, contains estimation uncertainty and involves significant management judgement. Schiphol engages independent external appraisers for the determination of the value of investment property, as also explained in note 2 to the financial statements. Valuations significantly depend on estimates and assumptions with respect to future cash flows and the risks therein as disclosed in note 9 to the financial statements. For valuation of land, Schiphol uses an internally developed valuation model, in addition to engaging external appraisers.

Our response

Our testing procedures included:

- We evaluated the design and implementation of internal controls within the valuation process.
- We evaluated the capabilities, objectivity and professional competence of the external appraisers engaged by Schiphol. Furthermore, we assessed the valuation analysis prepared by Schiphol and the calculations provided by the independent external appraisers for the determination of the fair value of investment property.
- We tested the accuracy and completeness of relevant input data.
- We engaged our own valuation specialists to assess the appropriateness of the valuation methodologies applied and the reasonableness of assumptions made by management. Furthermore, we tested the internal valuation model used for the valuation of land positions.
- We assessed the potential risk of management bias and evaluated the adequacy of the disclosure on the valuation of investment property as set forth in note 9.

Our observation

Based on our procedures, we consider that the valuation of investment property as applied by Schiphol is balanced and appropriate for inclusion in the financial statements. The disclosures on the valuation of investment property, as included in note 9 to the financial statements, meet the requirements of IAS 40.

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Revenue from regulated airport charges

Description

The airport charges for Amsterdam Airport Schiphol are regulated and represent 58% of revenue. Schiphol publishes the tariffs and conditions on its website annually after consultation with the aviation sector. Schiphol is partly dependent on airlines for the accuracy of passenger data (numbers and their composition, where the distinction between departing local passengers and transfer passengers affects the tariff to be used).

The risk of material misstatement in the revenue from regulated airport charges as a result of an incorrect classification of passengers in accordance with the Company's revenue recognition policies is considered a key audit matter due to the significance of revenue to the financial statements.

Our response

Our testing procedures included:

- We evaluated the design, implementation and operating effectiveness of internal controls related to the completeness of registrations of passenger numbers and their composition, as obtained from third parties, and evaluated the design and implementation of internal controls on the tariffs used.
- We carried out substantive audit procedures consisting of analytical analyses of airport charges, including a trend analysis on the amount of passenger-related fees per period. We performed a number of detailed tests on the source data used for this analysis, such as flight movements and passenger numbers per flight.
- We used data analytics to determine that revenue from airport charges, via accounts receivable, leads to cash receipts. For accounts receivable at the balance sheet date, we also assessed this based on subsequent cash receipts.

Our observation

We found Schiphol's revenue recognition to be appropriately applied based on the classification of the passengers.

Report on the other information included in the Annual Report

In addition to the financial statements and our auditor's report thereon, the Annual Report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Management Board is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were initially appointed by the General Meeting as auditor of Royal Schiphol Group N.V. on 10 February 2014, as of the audit for the year 2014 and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

Description of responsibilities regarding the financial statements

Responsibilities of the Management Board and the Supervisory Board for the financial statements

The Management Board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Management Board is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In that respect the Management Board, under supervision of the Supervisory Board, is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

As part of the preparation of the financial statements, the Management Board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Management Board should prepare the financial statements using the going concern basis of accounting unless the Management Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Management Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is located at the website of de 'Koninklijke Nederlandse Beroepsorganisatie van Accountants' (NBA, Royal Netherlands Institute of Chartered Accountants) at eng_oob_01.pdf (nba.nl). This description forms part of our auditor's report.

The Hague, 15 February 2024

KPMG Accountants N.V.

R.R.J. Smeets RA