



**HALF YEAR REPORT, 2021**

**NV Nederlandse Spoorwegen**

**Unaudited**



*NV Nederlandse Spoorwegen Half year report 2021*

Condensed consolidated statement of income  
for the first six months period ending on 30 June 2021  
NV Nederlandse Spoorwegen

(in millions of euros)

	Note	first half year	
		2021	2020
Revenues	6)	1,995	2,255
Additional government contributions related to corona	6)	<u>1,432</u>	<u>1,063</u>
<b>Total revenues</b>		3,427	3,318
Operating expenses		-3,037	-3,371
Share in result of investments accounted for according to the equity method		<u>-1</u>	<u>1</u>
<b>Result from operating activities</b>		<b>389</b>	<b>-52</b>
Net finance income		<u>-294</u>	<u>-24</u>
<b>Result before income tax</b>		<b>95</b>	<b>-76</b>
Income tax	7)	<u>1</u>	<u>-109</u>
<b>Result for the reporting period</b>		<b>96</b>	<b>-185</b>
Attributable to:			
Equity holder of the Company		-25	-186
Minority interest		<u>121</u>	<u>1</u>
<b>Result for the reporting period</b>		<b>96</b>	<b>-185</b>



Condensed consolidated statement of comprehensive income  
for the six months period ending on 30 June 2021  
NV Nederlandse Spoorwegen

(in millions of euros)

	<b>first half year</b>	
	<b>2021</b>	<b>2020</b>
<b>Result for the reporting period</b>	96	-185
Comprehensive income to be reclassified to the income statement in subsequent periods	12	-33
Comprehensive income not to be reclassified to the income statement in subsequent periods	-	-
<b>Comprehensive income recognised directly in equity</b>	<b>12</b>	<b>-33</b>
<b>Total comprehensive income for the reporting period</b>	<b>108</b>	<b>-218</b>
Attributable to:		
Equity holder of the Company	-17	-219
Minority interest	125	1
<b>Total comprehensive income for the reporting period</b>	<b>108</b>	<b>-218</b>



Condensed consolidated balance sheet\*)  
as at 30 June 2021 NV Nederlandse Spoorwegen

(in millions of euros)	Note	30 June 2021	31 December 2020
<b>Assets</b>			
Property, plant and equipment		2,979	2,919
Investment property		128	129
Intangible non-current assets		298	376
Right-of-use assets		819	1,865
Investments recognised using the equity method		19	19
Other financial assets, including investments	1)	142	160
Deferred tax assets		89	133
<b>Total non-current assets</b>		<b>4,474</b>	<b>5,601</b>
Inventories		175	194
Trade and other receivables		1,331	1,174
Income tax receivable		12	13
Cash and cash equivalents		16	35
Assets held for sale		832	1,137
<b>Total current assets</b>		<b>2,366</b>	<b>2,553</b>
<b>Total assets</b>		<b>6,840</b>	<b>8,154</b>
<b>Equity and liabilities</b>			
<b>Total equity</b>	2)	<b>1,283</b>	<b>1,179</b>
Deferred credits		179	197
Loans and other financial liabilities, including derivatives	3)	1,308	1,130
Lease liabilities		586	1,601
Employee benefits		37	37
Provisions		368	179
Accruals		11	13
Deferred tax liabilities		71	93
<b>Total non-current liabilities</b>		<b>2,560</b>	<b>3,250</b>
Loans and other financial liabilities, including derivatives	3)	172	81
Lease liabilities		336	465
Corporate tax payable		21	14
Trade and other payables		2,026	2,022
Deferred income		387	562
Provisions		55	581
<b>Total current liabilities</b>		<b>2,997</b>	<b>3,725</b>
<b>Total liabilities</b>		<b>5,557</b>	<b>6,975</b>
<b>Total equity and liabilities</b>		<b>6,840</b>	<b>8,154</b>

\*) As of 30 June 2021, Abellio Germany has been deconsolidated. For more information, please refer to the general notes on deconsolidation.



Condensed consolidated cash-flow statement  
for the six months period ending on 30 June 2021  
NV Nederlandse Spoorwegen

(in millions of euros)	first half year	
	2021	2020
<b>Profit for the period</b>	<b>96</b>	<b>-185</b>
Adjustments for:		
Depreciation and amortisation	440	448
Impairment losses	-	-
Other changes	-231	116
	<b>305</b>	<b>379</b>
Changes in working capital and other positions	-345	-77
	<b>-40</b>	<b>302</b>
Finance expenses paid and income tax paid	-25	-26
<b>Net cash flow from operating activities</b>	<b>-65</b>	<b>276</b>
Finance revenues received	2	6
Dividend from investments recognised using the equity method	-	2
Acquisition of assets (tangible and intangible)	-298	-337
Disposal of assets (tangible and intangible)	9	1
Receipts/payments of other investments	34	-
Change in consolidation scope*)	-35	-
Disposal of financial assets, including investments	8	-
Acquisition of financial assets, including investments	-1	-29
<b>Net cash from investment activities</b>	<b>-281</b>	<b>-357</b>
<b>Net cash from operating and investments activities</b>	<b>-346</b>	<b>-81</b>
Repayment of loans taken out	-17	-117
Repayment of lease liabilities	-265	-233
Long-term loans and other financial liabilities taken out	302	499
Dividend paid	-	-
<b>Net cash from financing activities</b>	<b>20</b>	<b>149</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>-326</b>	<b>68</b>
Cash and cash equivalents as at 1 January	1,137	818
Effect of exchange rate fluctuations on cash held	21	-22
<b>Cash and cash equivalents as of June 30</b>	<b>832</b>	<b>864</b>

\*) The cash flow related to the change in the scope of consolidation as of 30 June 2021 corresponds to the cash and cash equivalents of the German entities of the subgroup on the date of deconsolidation.



Condensed consolidated statement of changes in equity  
in the six months period ending on 30 June 2021  
NV Nederlandse Spoorwegen

(in millions of euros)

	Subscribed share capital	Miscellaneous reserves	Retained profits	Undivided result	Total	Minority participating interest	Total Equity
<b>Balance as at 1 January 2021</b>	1,012	48	2,495	208	3,763	18	3,781
<b>Realised and non-realised profits over the period</b>							
Result for the period				-186	-186	1	-185
Non-realised profit		-31			-31	-2	-33
<b>Total recognised profit for the period</b>	-	-31	-	-186	-217	-1	-218
<b>Transactions with owners, recognised directly in equity</b>							
Other movements			208	-208	-	-	-
Dividend paid to shareholders			-	-	-	-	-
	-	-	208	-208	-	-	-
<b>Balance as at 30 June 2020</b>	1,012	50	2,703	-186	3,546	17	3,563

(in millions of euros)

	Subscribed share capital	Miscellaneous reserves	Retained profits	Undivided result	Total	Minority participating interest	Total Equity
<b>Balance as at 1 January 2021</b>	1,012	21	2,697	-2,378	1,352	-173	1,179
<b>Realised and non-realised profits over the period</b>							
Result for the period				-25	-25	121	96
Non-realised profit		12			12	-4	8
<b>Total recognised profit for the period</b>	-	12	-	-25	-13	117	104
<b>Transactions with owners, recognised directly in equity</b>							
Other movements			-2,378	2,378	-	-	-
Dividend paid to the shareholders			-	-	-	-	-
	-	-	-2,378	2,378	-	-	-
<b>Balance as at 30 June 2021</b>	1,012	33	319	-25	1,339	-56	1,283



## Explanatory notes to the condensed consolidated Half year Report for 2021

### **General information**

#### ***Reporting entity***

NV Nederlandse Spoorwegen has its registered office in Utrecht in the Netherlands. The company's consolidated six-monthly report for the first half of 2020 covers the company and its subsidiaries (hereinafter referred to as the 'Group') and the Group's share in associates and companies that it controls jointly with third parties. NV Nederlandse Spoorwegen is the holding company of NS Groep, which in turn is the holding company of the operating companies that carry out the Group's various business operations. As of 30 June 2021, the German entities have been deconsolidated. Please refer to the explanatory notes in the section on deconsolidation.

The Half year report is published in both English and Dutch. In the event of any discrepancies between the Dutch and the English version, the information in the Dutch version prevails.

#### ***Statement of compliance***

This condensed consolidated Half year report has been prepared in accordance with IAS 34 Interim Financial Reporting with the exception of the determination of a potential effect on the measurement of assets and liabilities in the 2020 comparative figures due to the Covid-19 pandemic (IAS 36 Impairment of assets). It does not contain all the information required for full financial statements and should be read in conjunction with the Group's 2020 consolidated financial statements.

This condensed consolidated Half year report was prepared by the Executive Board and discussed and approved by the Supervisory Board on 13 August 2021. This condensed consolidated Half year report has not been reviewed by an external auditor.

#### ***Significant accounting policies***

The accounting policies for the Group's financial reporting that are applied in this condensed consolidated interim report are the same as were applied in the consolidated financial statements for the 2020 financial year.

#### ***New and revised guidelines for 2021***

The revised standards that come into effect as of 2021 will not have a significant impact on the Group's consolidated figures.

#### ***Estimates and assessments***

The preparation of the Half year report requires the management to make judgements, estimates and assumptions that affect the application of accounting policies for financial reporting and the reported value of assets and liabilities, and the size of items of income and expenditure. Important estimates and assessments concerning Covid-19 are set out below. To the extent possible, the estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Unless stated otherwise below, the significant judgements formed by the management in the application of the Group's accounting policies for financial reporting and the main sources of estimates used in the preparation of this consolidated Half year report are the same as the judgements and sources used in the preparation of the consolidated financial statements for the financial year 2020.

#### ***Financial risk management***

The Group's objectives and policy with regard to financial risk management are the same as the objectives and policy set out in the consolidated financial statements for 2019.



### **Acquisition and sale of equity interests**

There were no acquisitions or disposals of investments in the first half of 2021.

### **Deconsolidation**

On 30 June 2021, the German court approved the request of the management of Abellio GmbH and its active subsidiaries to apply "Schutzschirmverfahren" and these insolvency proceedings under German law were initiated for each of these legal entities. The decision of the German insolvency court, accepting the applications for insolvency proceedings, resulted in the loss of control as a shareholder of all entities of Abellio Germany. As a result of the court decisions, the management of these legal entities has been placed under the supervision of a 'trustee' appointed by the court. As the consolidation criteria of IFRS 10 are no longer met, the Group has deconsolidated all German entities that are part of the insolvency proceedings as of 30 June 2021.

If these provisional insolvency proceedings are unsuccessful, it is mandatory under German law to proceed with formal insolvency proceedings through the courts. Taking this into account, NS has estimated the fair value of assets and liabilities of the German participation as part of the valuation of the equity interest as at 30 June 2021. The stake has been written down to zero. In addition, NS has made a provision for the costs arising from the restructuring and/or possible termination of activities, which has been accounted for under the financing costs.

More clarity is expected in the coming period about the continuation of the activities and/or the required restructuring.

As a result of the deconsolidation, the balance sheet total decreased by 14%. The deconsolidation resulted in a decrease in the right-of-use assets by € 909 million and a decrease in the lease liability by € 993 million.

### **Impact Covid 19**

#### ***Going concern assumption (12 months ahead)***

The Group has prepared the interim report 2021 on a going concern basis, which assumes the continuity of ongoing business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Group has prepared financial forecasts for at least twelve months from the date of preparation of the Half yearly report, including an estimate of the continuing business impact of corona. The Group has concluded that it is appropriate to prepare this Half year report 2021 on a going concern basis and that there is no material uncertainty. In order to reach this conclusion, the Group has calculated different scenarios and in each of the scenarios there is room for possible adverse revenue and/or expenses.

The key assumptions and uncertainties in the cash flow forecast relate to:

- setbacks and major uncertainties in passenger forecasts. Until at least 31 August 2022, 93% of the eligible costs (cost level 2019) are covered by the availability payment (*beschikbaarheidsvergoeding*) for public transport, less the passenger receipts;
- timing of the receipt of the advance payments for 2021 and the settlement for 2020 and 2021 of the availability payment, whereby the Group assumes that these will be received in full in the period of the financial prognosis. This concerns an amount of approximately € 1,005 million. With respect to the availability payment for 2022, nothing has been included in the current prognosis, because the current expectation is that, based on the estimated income and costs, the availability payment for 2022 will amount to nil;





- the student public transport contract will be continued in its regular form and this revenue for 2022 will be received in full in the period of the financial forecast;
- timing of investments in new rolling stock (ICNG, SNG and DDNG);
- timing of the realisation of cost savings;
- possibility of deferring payment of wage tax for an amount of approximately €517 million. Repayment will start on 1 October 2022 and, depending on available liquidity and/or facilities, will be made early, but no later than in 60 monthly instalments after 1 October 2022.
- with regard to the expected cash flow to cover the risks arising from the Abellio concessions, conservative estimates have been made and included in the liquidity forecasts.

The Group's available Dutch liquidity amounted to over € 235 million at 30 June 2021. In addition, the Group can make use of credit facilities totalling € 645 million, part of which expires in May 2022. It is expected that this part can be extended. In addition, the Group expects to be able to make use of alternative financing options if the situation so requires.

Based on the above, the Group concludes that it is appropriate to prepare the Half year report 2021 on a going concern basis and that there is no material uncertainty.

### ***Impairment of fixed assets / Onerous contracts***

#### *Reizigersbedrijf NL*

At the end of 2020, the Group performed an impairment test on assets of the main network rail contract in the Netherlands. This resulted in recognition of an impairment loss of €1,562 million. This impairment is attributed to all fixed assets on a straight-line basis. In the first half of 2021, the impairment resulted in a lower depreciation of € 66 million compared to the situation before the impairment. This results in a net impairment as at 30 June 2021 of € 1,496.

Current expectations have led to a limited number of variables being adjusted as at 30 June 2021 compared with the calculation as at 31 December 2020.

These forecasts are based on the following key assumptions:

- passenger transport revenue is partly dependent on the choices regarding the timetable, which are coordinated with the Ministry of Infrastructure and the Environment;
- continuation of the current public transport student card contract
- availability payments (beschikbaarheidsvergoeding) for 2021 and for 2022, which largely mitigates major risks relating to passenger transport revenue for 2021 and 2022. For the second half of 2021, € 207 million in availability compensation is forecast. No provision has been made for the availability payment for 2022 in the current prognosis, because the current expectation is that, based on the estimated income and costs, the availability payment for 2022 will amount to nil; The arrangement with regard to the availability payment will continue until 31 August 2022.
- Estimates of the outcome of adapting the organisation to the lower passenger income with related cost savings and reduction of investments;
- In June 2020, the Ministry of Infrastructure and the Environment announced its intention to award the concession directly to NS as from 2025. This was confirmed by the 2nd Chamber in September 2020. The term and conditions of the concession are not yet known. For the period after 2024, it is assumed that the main rail network contract will be awarded under conditions that enable NS to earn the 'cost of capital';
- application of the WACC of 5% (31 December 2020: 5%).



The positive effect of approximately €200 million as a result of the availability payment being granted is offset by negative signals and uncertainties such as the recovery of passenger numbers and related revenues and the realisation of cost savings.

Based on these insights, the Group has concluded to maintain the impairment.

The sensitivities as disclosed in the financial statements 2020 apply without prejudice to the impairment test as per 30 June 2021.

#### *Abellio UK*

At the end of 2020, the Group performed an impairment test on the assets of Abellio UK. This resulted, due to the write-down to fair value, in an impairment loss of € 103 million.

On 20 September 2020, for the three Abellio UK DfT Concessions, the short-term emergency agreements (EMA) were replaced by emergency rehabilitation agreements (ERMAs). Upon expiry of this contract form, the contracts can be converted to new 'direct award' contracts (National Rail Contracts). As a result of these contractual changes, the risk relating to passenger revenue and costs is largely transferred to the concession granters and Abellio receives a fixed and variable fee for the management of these concessions. Decision making by Abellio about entering into the direct award contracts will take place in Q3 2021.

As at 30 June 2021, there was no need to adjust the impairment.

One of the conditions of signing the ERMA is that each TOC agrees that they may have to pay a termination fee to the DfT and, depending on certain factors, a net asset payment at the end of their ERMA.

In November 2020, the DfT determined termination sums. Following this determination, negotiations took place and arguments were exchanged, which led to a downward adjustment of the termination fee in May 2021 and this resulted in a release of the provision of € 318 million.

The amounts due of € 135 million have been included in the liabilities and are payable at the time of termination of the franchise.

#### *Receivable in respect of the availability payment*

Pursuant to the 2021 Public Transport Availability Payment Scheme as issued by the Ministry of Infrastructure and Water Management, NS is entitled to an indemnification as a result of the loss of revenue it suffered as a result of corona. The compensation amounts to 93% of the costs (cost level 2019) that are eligible for the availability payment, reduced by 100% of the realised revenues over the first half of 2021. Based on a calculation, NS has accounted for the compensation for an amount of €595 million. NS has not yet received advance payments for 2021 in the first half year. The receivables also include the part of the public transport availability payment for 2020 that has not yet been received (€200 million). This will be received after the final report and auditor's report have been submitted.

In order to qualify for the public transport availability payment, conditions apply, such as running a fully-fledged timetable. NS has assessed these conditions on the basis of the final protocol and concluded on this basis that the availability payment for 2020 and 2021 can be justified.



## Notes to the consolidated balance sheet

### 1) *Other financial non-current assets, including investments*

The 'Other financial non-current assets, including investments' can be specified as follows:

(in millions of euros)	30 June 2021	31 December 2020
<b>Other financial assets included in the fixed assets</b>		
Interest in Eurofima	88	88
Interest in bonds	33	33
Loans and receivables	-	7
Commodity derivatives	4	-
Other financial fixed assets	17	32
<b>Total</b>	<b>142</b>	<b>160</b>

There are no material differences between the carrying amounts and fair values of the financial assets and liabilities recognised in the balance sheet. The interests in equity securities, bonds and commodity derivatives are measured at fair value.

### 2) *Equity and dividends*

The financial statements for 2020 and the appropriation of the result were adopted at the shareholders' meeting on 2 March 2021. In accordance with the proposal, the negative result attributable to the company's shareholders of €2,581 million was withdrawn from the general reserve.

### 3) *Loans and other financial liabilities, including derivatives*

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

(in millions of euros)	30 June 2021	31 December 2020
<b>Non-current liabilities</b>		
Private loans	1,299	1,113
Other financial obligations	-	-
Currency derivatives	5	2
Commodity derivatives	4	15
<b>Total</b>	<b>1,308</b>	<b>1,130</b>
<b>Short-term liabilities</b>		
Private loans	149	50
Current account financial institutions	17	17
Currency derivatives	5	-
Commodity derivatives	1	14
<b>Total</b>	<b>172</b>	<b>81</b>
<b>Total liabilities</b>	<b>1,480</b>	<b>1,211</b>

When determining the value of commodity derivatives used for hedging, the Group uses valuation methods in which all the necessary significant data is derived from published market data.

### 4) *Settlement of claims and legal proceedings*

#### *Chroom-6*

On Thursday, 31 January 2019, the National Institute for Public Health and the Environment (RIVM) presented the results of the chromium VI investigation for the reintegration project tROM in Tilburg. In the Tilburg tROM project, people on unemployment benefit worked between 2004 and 2011 on trains



belonging to NS and the Dutch Railway Museum at the then NedTrain workshop in Tilburg. RIVM carried out an investigation, with which NS cooperated. An independent committee drew conclusions and formulated recommendations based on the investigation results. The committee drew some strong conclusions, including about the role of NS in the Tilburg project. According to the committee, the municipality of Tilburg, NS and the Dutch Railway Museum all individually cut corners. At the start of February 2019, the parties announced that they would be jointly making arrangements, each taking their share of the responsibility, with the aim of providing clarity to the people affected as soon as possible.

NS' share in the costs was already provisioned as at 31 December 2020 and the provision was updated as at 30 June 2021.

Following the investigation into the criminal culpability, the Public Prosecutor's Office has now decided to prosecute NedTrain. The outcome of this procedure is currently uncertain and therefore the Group has not formed a provision.

#### ACM

In 2015, the ACM concluded that NS had violated a number of articles of the Railway Act in connection with the Limburg tender. The ACM also imposed a fine of €40.95 million on NS in 2017 for violating Article 24 of the Competition Act and Article 102 of the Treaty on the Functioning of the European Union. NS has recognised this in the 2017 result. NS asked the ACM to reconsider the decision by means of a notice of objection. In 2018, the ACM rejected NS' objections. NS lodged an appeal against the decision on the objection. On 27 June 2019, the Rotterdam District Court annulled the ACM's decision. The fine does not stand and was refunded to NS in July 2019 and recognised in the result in 2019. The ACM has lodged an appeal. On 1 June 2021, the College van Beroep voor het bedrijfsleven upheld the court's decision. With this, the case is closed.

#### 5) *Off-balance-sheet liabilities*

##### *Investment commitments*

At the end of June 2021, the Group has investment commitments outstanding of €1,156 million (31 December 2020: €1,184 million), mainly for the purchase of rolling stock and investments in station areas.

##### *Energy commitments in the Netherlands*

In 2014, the Group concluded a ten-year contract (2015-2024) with Eneco for the supply of green traction electricity to the rolling stock fleet in the Netherlands. As at 30 June 2021, the purchase obligation amounts to €192 million (31 December 2020 €205 million).

#### Notes to the consolidated statement of income

#### 6) *Revenue*

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

(in millions of euros)

	first half year					
	Revenues	Additional government contributions related to corona	Total 2021	Revenues	Additional government contributions related to corona	Total 2020
Train related transport in the Netherlands	636	595	1,231	841	351	1,192
Station development and exploitation in the Netherlands	168	15	183	193	9	202
Train related transport in the United Kingdom	674	831	1,505	765	703	1,468
Bus related transport in the United Kingdom	130	-	130	116	-	116
Train related transport in Germany	378	-	378	340	-	340
	<b>1,986</b>	<b>1,441</b>	<b>3,427</b>	<b>2,255</b>	<b>1,063</b>	<b>3,318</b>



## 7) Corporate income tax

(in millions of euros)

	first half year	
	2021	2020
Result before income tax	95	-76
Taxes on profit according to the Dutch tax band for corporate income tax (2021 en 2020 : 25%)	-24	19
Write-off deferred tax assets temporary differences	-	-107
Recognition deferred tax assets temporary differences	20	-
Write-off deferred loss compensation for the financial year	-53	-20
Correction permanent differences termination sums	61	-
Permanent differences	-34	-2
Effect of the tax rate of foreign jurisdictions	31	1
	<u>1</u>	<u>-109</u>

## 8) Staff

The number of employees in FTEs decreased slightly from 36,655 at year-end 2020 to 36,411 as of 30 June 2021. The number of employees in the Netherlands decreased by 176 from 17,453 at the end of 2020 to 17,277 as of 30 June 2021.

## 9) Related parties

Transactions with related parties are conducted on the basis of the arm's length principle.

All issued shares are held by the State. A significant transaction with an enterprise affiliated to the State (Education Executive Agency) concerns the proceeds from the student card (first half of 2021: € 276 million, first half of 2020: € 238 million).

The user fee for the Dutch infrastructure paid to ProRail BV, a State-affiliated company, amounted to €164 million in the first half of 2021 (first half of 2020: €156 million).

Furthermore, there were no significant transactions with related parties.

## Other information

### Events after the balance-sheet-date

As mentioned earlier, Abellio Germany started a "protection shield procedure" as of 30 June 2021. In this procedure, in cooperation with clients and creditors, the possibilities of restructuring the contracts and activities are investigated.

Utrecht, 13 August 2021

Executive Board

W.E.F. Rintel, CEO

H.L.L. Groenewegen, Finance Director

A.M.E. de Vries, Director of Stations

E.F.W. van Asch, Directeur of Operations

T.B. Smit, Director of Commerce & Development