

HALF-YEAR REPORT 2023



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REPORT OF THE EXECUTIVE BOARD

Major expansion of container capacity strengthens Rotterdam's position

- Substantial investment in first six months in extra container terminal capacity
- Major progress in energy transition: shore power in place, investment decision on hydrogen pipeline, Sif plant expansion, sustainability in inland shipping sector and new agreements about imports of green hydrogen
- Fall of 5.5% in cargo throughput due to high inflation and downturn in economy
- Robust revenue and operating result for the Port of Rotterdam Authority

The volume of total cargo throughput in the port of Rotterdam was 5.5% lower in the first half of the year (220.7 million tonnes) than in the same period in 2022 (233.5 million tonnes). The fall was mainly seen in coal throughput, containers and other dry bulk (commodities). Throughput in the agribulk, iron ore & scrap, and LNG segments increased. In the first half of the year, the agreements were signed for the expansion at the container terminals in the Prinses Amaliahaven. This expansion will, in time, result in a potential flow of some 4 million TEUs (standard size for containers). The Port Authority's robust financial results put it in a position to continue investing in the transition to cleaner energy and in good accessibility.

Boudewijn Siemons, interim CEO and COO of the Port of Rotterdam Authority: "Despite economic uncertainties and geopolitical tensions, major advances were made in the first half year in the construction and issuance of new land and quay walls to make room for, among other things, the production and imports of green hydrogen and additional capacity in the container segment. An important step was made with the issuance of the land in the Prinses Amaliahaven to APM Terminals and RWG. We want to provide our customers with the necessary space and facilities in good time so that they can continue to operate and grow in a sustainable way."

Finances of the Port of Rotterdam Authority

The Port of Rotterdam Authority's financial results were robust in the first half year of 2023. Revenue, mainly from port dues, and rental and leasehold income, was € 4.3 million higher than in the first half of 2022 at € 416.5 million. Operating expenses rose by € 10.2 million to € 134.6 million. As a result, earnings before tax, interest, depreciation and amortisation fell by € 5.9 million to € 281.9 million. The net result was down € 26.1 million at € 116.5 million due to two one-off items. In the first half of the year, due to the ruling of the Council of State relating to the 25-kilometre restriction, the acquired nitrogen rights (€ 8.0 million) were written off. Furthermore, the Porthos guarantee premium (€ 7.3 million) caused a negative result for participating interests.

Gross investments in the first half of 2023 amounted to € 135.7 million, including capital injections in participating interests (first half of 2022: € 117.1 million). The main investment in the first half of 2023 was the construction of the Amaliahaven quay wall (€ 38.3 million).

Dry bulk

Throughput in the dry bulk segment fell by 11.7% in the first half year. Coal throughput fell 14.5% to 12.4 million tonnes, primarily because of low demand for energy coal for power production. In both the Netherlands and Germany, the main destination for coal, renewable sources such as wind and solar were used more for power production in the past half year. Throughput in the iron ore & scrap segment was 8.9% higher at 13.0 million tonnes despite low demand for iron ore from the steel mills in Rotterdam's hinterland. However, exports of scrap metal increased. Most scrap metal goes to Turkey, where steel production resumed quickly after the earthquake in February. The striking fall of 62.8% in the other dry bulk segment is linked to the 54.6% increase in the agribulk segment associated with the correction of an erroneous declaration in the sea port dues system in 2022. Taking this correction into account, the increase in the agribulk segment was 8.5%, mainly due to growth in oil seeds from South America. After correction, there was also a decrease in the other dry bulk segment, primarily as a consequence of the decline in energy-intensive production, such as steel and aluminium, due to high energy prices.

Liquid bulk

In the first half of the year, the throughput of liquid bulk fell by 0.6%. The throughput of crude oil was 1.4% lower at 51.8 million tonnes. Incoming Russian oil has now been completely replaced by crude oil from the United States, Norway, West Africa and the Middle East. The throughput of mineral oil products was 1.9% lower in the first half year at 6.2 million tonnes. The throughput of LNG continued to rise in the first half year, by 9.8% to 5.9 million tonnes. Most LNG (62%) is imported from the United States.

Containers and break bulk

Container throughput in tonnes was 9.3% down in the first half of the year at 64.4 million tonnes; the fall in TEUs was 8.1% to 6.7 million. There are two principal reasons for the decline in container throughput: the termination of volumes to and from Russia and the fall in imports from Asia. However, the reliability of the sailing schedules of container vessels continued to improve in the first half of the year. This led to an improvement in volume handling at the port and to the

hinterland. Roll-on/roll-off traffic (RoRo) dropped 3.2% to 13.3 million tonnes. In addition to declining demand due to high inflation and stockpiling, the RoRo segment is also affected by the weak UK economy. The general cargo segment fell to 3.4 million tonnes (–11.5%). The main reason is that a lot of general cargo is again being shipped in containers given the low container rates.

Digitalisation

The first half of the year saw major advances in the area of digitalisation. After an intensive pilot phase, Nextlogic was launched officially in January 2023. The aim of the integrated planning tool is to ensure that inland vessels in the port are handled faster and that terminals can make the best use of their quays. Nextlogic expects that, with the connection of more barge operators during 2023, more than 90% of the inland shipping volume at the deep-sea terminals will be routed using this integrated planning tool.

Distro Energy was launched in June of this year. Distro Energy is a fully automated trading platform that allows companies to trade self-produced energy with each other locally and to optimise the use of that energy. The platform is accelerating the energy transition with a new market model that makes it possible to offer better prices for renewable power locally. This will not only raise the local use of renewable power and therefore limit congestion, but also deliver lower costs for users and better returns for parties that produce and/or store renewable energy.

Progress on the energy transition

After long years of preparation, the energy transition is progressing across the entire spectrum. Some seventy projects are currently progressing in various phases, and the energy transition is becoming increasingly visible. Green hydrogen plays a central role in the new carbon-neutral port and economy. The Port of Rotterdam Authority is working on a series of concrete projects throughout the chain of production, infrastructure, transport, imports and use to achieve the climate goals. Alliance agreements for the large-scale imports of green hydrogen were signed this year with parties in countries including Brazil, Spain and Namibia. To produce green hydrogen, two conversion facilities are being set up on Maasvlakte 2. Several companies have plans to build green hydrogen plants here with a capacity of 200-250 MW each. Shell has started work on the construction of the first hydrogen plant. All the available land on the conversion facilities has now been issued. Elsewhere on the Maasvlakte, space is now being created for a new electrolysis cluster. An eleven-hectare site was set aside here in April 2023 for a hydrogen plant up to 1 GW in size for the party that wins the tender for the Beta section of the IJmuiden Ver wind farm. The Port Authority's ambition is 2 to 2.5 GW of electrolysis by 2030. The national government is aiming for 4 GW nationwide by 2030. Gasunie took the investment decision in June for the first section of a national hydrogen network from Maasvlakte 2 to Pernis. Work will begin after the summer. From 2030 onwards, the hydrogen network will connect the major industrial regions in the Netherlands and surrounding countries such as Germany and Belgium with one another. The Dutch company Sif will expand its existing plant for monopile foundations on Maasvlakte 2. The first production activities are planned for the second half of 2024. Significant progress in the area of shore power was also made during this half year. The project for the shore power installation for cruise vessels started in early June and, from late 2024 onwards, the first cruise vessels in Rotterdam will be able to plug in. The work on the sustainability of inland shipping also took more concrete shape with ongoing investment in Zero Emission Services (ZES), a company that focuses on the electrification of inland shipping, and the launch

of the Condor H2 project. Condor H2 will provide hydrogen storage and fuel cells with a battery pack on a pay-per-use basis so that vessels can make the transition to being emission-free with a limited upfront investment for shipowners. This alliance between the Port of Rotterdam Authority, the Province of Zuid-Holland and more than forty partners will make it possible for fifty vessels to sail emission-free by 2030.

Outlook

Over the year as a whole, we expect a minor fall in throughput volumes in response to the uncertainties caused by the current geopolitical situation and high inflation. Limited growth in the Dutch economy and recessions abroad are depressing global trade volumes and industrial production. With respect to the Porthos CO2 transport and storage project, the Council of State expects to make a ruling after the summer about whether the ecological assessment demonstrates adequately that the temporary deposition of nitrogen associated with Porthos has no significant effect on protected natural areas. Meanwhile, preparations have continued. As soon as the permits are definitive, Porthos will make a final investment decision.

The fact that the Dutch government is now acting in a caretaker capacity means that there is a risk of stagnation in a number of important areas such as climate and nitrogen. The Port of Rotterdam Authority is willing and able to make a significant contribution to achieving the Dutch climate goals. That will involve making major investments in infrastructure possible over a period of many years.

The port of Rotterdam also needs more latitude under the regulations applicable to nitrogen emissions and sufficient grid capacity in order to implement a range of projects in the field of the energy transition. If there are delays, the ambitions cannot be achieved in time and the process of making industry, and therefore the Netherlands, sustainable will stagnate. In the time ahead, the Port of Rotterdam Authority remains committed to moving ahead and implementing these concrete projects.

Financial information

A result after tax of € 116.5 million was booked in the first half of 2023. The profit on ordinary activities before taxation was € 157.7 million in the first half of 2023, a fall of 11.9% by comparison with the first half of 2022 (€ 179.0 million).

Revenue in the first half of 2023 increased by 1.1% (€ 4.3 million) compared to the first half 2022. This is due to an increase in contract income of € 9.3 million owing to new contracts, the reduction of incremental discounts, price changes and indexation. Sea port dues fell by € 0.7 million, mainly because of lower throughput, which has a negative volume effect.

Operating expenses in the first half of 2023 were 8.2% higher (€ 10.2 million) than in the first half of 2022. This increase is mainly attributable to an increase in operating expenses across the board caused by the indexation of rates. This is particularly evident in the recruitment of external personnel and maintenance costs.



Gross investments in the first half of 2023 were € 135.7 million, including capital injections in participating interests (HY1 2022: € 117.1 million). The capital injections in participating interests amounted to € 21.2 million. The most important investment for the first half of 2023 was the construction of the quay wall in the Prinses Amaliahaven (€ 38.3 million).

On balance, total cash and cash equivalents was € 29.3 million lower than at year-end 2022. The dividend including dividend tax of € 132.3 million, was paid for the 2022 financial year in June 2023. Despite the dividend payment, cash flow is adequate for the Port of Rotterdam Authority to meet commitments and continue investing in the port.

Half-year figures for 2023

Balance sheet as at 30 June 2023

(before result appropriation, amounts x € 1,000)	30 June 2023	31 December 2022
Assets		
Fixed assets		
Intangible fixed assets	79,427	79,938
Tangible fixed assets	3,969,043	3,969,929
Financial fixed assets	1,627,559	1,664,467
	5,676,029	5,714,334
Current assets		
Inventory	839	907
Accounts receivable	266,169	208,391
Cash and cash equivalents	148,513	177,819
	415,521	387,117
Total assets	6,091,550	6,101,451
Liabilities		
Shareholders' equity	4,434,816	4,450,328
Provisions	45,759	46,967
Long-term debts	1,366,434	1,358,175
Short-term debts	244,541	245,981
Total liabilities	6,091,550	6,101,451

Condensed statement of income for first half of 2023

(amounts x € 1,000)	HY1 2023	HY1 2022
Total operating income	416,541	412,211
Total operating expenses	(134,623)	(124,400)
Result before interest, depreciation and taxes	281,918	287,811
Depreciation and impairment of tangible fixed assets	(97,130)	(84,341)
Operating result	184,788	203,470
Financial income and expenditure	(27,120)	(24,460)
Result from ordinary activities before taxation	157,668	179,010
Taxation	(37,768)	(40,171)
Results participating interests	(3,397)	3,739
Result after taxation	116,503	142,578

Condensed cash flow statement for first half of 2023

(amounts x € 1,000)	HY1 2023	HY1 2022
Operating result	184,788	203,470
Depreciation and changes in provisions etc.	95,686	83,675
Changes in working capital	(65,203)	(36,433)
Cash flow from operating activities	215,271	250,712
Interest received and interest paid	(8,404)	(6,164)
Corporation tax paid	(41,934)	(30,877)
Cash flow from operating activities	164,933	213,671
Gross cash flow from investment activities	(125)	(106,083)
Subsidies and other changes	19	5,709
Disinvestments	94	614
Cash flow from investment activities	(106,772)	(99,760)
Cash flow from financing activities	(87,467)	(227,860)
Net cash flow	(29,306)	(113,949)
Balance of cash and cash equivalents as at 1 January	177,819	291,179
Balance of cash and cash equivalents as at 30 June	148,513	177,230
Change in cash and cash equivalents	(29,306)	(113,949)

Principles for valuation and profit/loss determination

Activities of the company

The Port of Rotterdam Authority is responsible for the management, operation and development of Rotterdam's port and industrial area. As a public company, the Port of Rotterdam Authority has two shareholders: the City of Rotterdam (with a holding of 70.83%) and the Dutch State (29.17%).

The Port of Rotterdam Authority's core tasks under its articles of association are:

- the development, construction, management and operation of the port and industrial area in Rotterdam;
- the promotion of the safe, effective and efficient handling of shipping in the port of Rotterdam and the offshore approaches to the port.

The Port of Rotterdam Authority creates economic and social value by means of sustainable growth in the port in collaboration with clients and stakeholders.

The Port of Rotterdam Authority invests in the development of land and in the port infrastructure such as quay walls, jetties, roads and waterways, and cable and pipeline facilities. This infrastructure renders the site accessible and allows for the transshipment of freight. The land and infrastructure in the port are rented or issued to companies on a long lease. This is one of our main sources of revenue. Port dues represent another important source of revenue. Shipping companies (national and international) pay port dues when their vessels use our nautical infrastructure in the port.

Accounting principles applied in the half-year report

The half-year figures have been prepared in accordance with the financial reporting requirements of Part 9 Book 2 of the Dutch Civil Code and the statements in the Dutch Guideline for Annual Reporting on Interim Reports issued by the Dutch Accounting Standards Board. As provided for in RJ 394 'Interim Reports', this half-year report does not contain all of the information required to be provided in the full financial statements and it should therefore be read in conjunction with the 2022 Annual Report/Financial Statements. The same accounting policies used to prepare the 2022 Financial Statements were used to value the assets and liabilities and determine the result for these half-yearly figures.

In the first half of 2023, the Port of Rotterdam Authority purchased nitrogen rights. The nitrogen rights cannot be traded freely; they are used in line with the policy rules of the Port Industrial Complex Deposit Bank. The aim is to use nitrogen rights in land-issue projects.

The rights have been accounted for under intangible assets. The accounting policies as stated in the 2022 financial statements apply. This means that the purchased nitrogen rights are recognised at purchase price less cumulative amortisation and, where applicable, cumulative impairment. Because the purchased nitrogen rights are accounted for as 'Prepayments for intangible fixed assets', there is no systematic amortisation.

Exemption from consolidation requirement

The Port of Rotterdam Authority has made use of the exemption from the requirement to consolidate the details of participating interests if the participating interests jointly have a financial significance in the consolidation which is negligible to the Port of Rotterdam Authority as a whole (RJ 217.304).

Changes in accounting policies

In the first half of 2023, no changes were made in the adopted accounting policies that have an impact on the Port of Rotterdam Authority's capital position or earnings.

Judgements and estimates

When applying the principles and rules for the drafting of the half-year report, the management of the Port of Rotterdam Authority makes various judgements and estimates. In the first half of 2023, there were no significant changes in the approach to these judgements and estimates.

Seasonal factors

To a limited degree, throughput volumes are subject to seasonal factors such the effects of the harvest season and of the Chinese New Year (in January) on container throughput. Seasonal factors have little impact on rental and lease contracts or operational costs, if any.

Explanatory note to the condensed balance sheet and statement of income

Intangible fixed assets

(amounts x € 1,000)	Development costs (generated internally)	Acquisition costs relating to permits and intellectual property rights (purchased)	Advance payments for intangible fixed assets	Intangible fixed assets under construction	Total
Purchase price	112,767	54,957	-	24,867	192,591
Cumulative depreciation	(73,221)	(39,432)	-	-	(112,653)
Book value as at 1 January 2023	39,546	15,525	-	24,867	79,938
Gross investments	-	-	8,291	12,701	20,992
Disinvestments (purchase value)	-	-	-	-	-
Disinvestments (cumulative depreciation)	-	-	-	-	-
Subsidies	-	-	-	-	-
Government contributions	-	-	-	-	-
Depreciation	(7,545)	(3,270)	-	-	(10,815)
Impairment	-	-	(8,017)	(2,556)	(10,573)
Transfer acquisition value tangible/intangible fixed assets	-	-	-	(115)	(115)
Transfer depreciation tangible/intangible fixed assets	-	-	-	-	-
Commissioning	7,547	3,594	-	(11,141)	-
Changes in 2023	2	324	274	(1,111)	(511)
Book value as at 30 June 2023	39,548	15,849	274	23,756	79,427
Purchase price	120,314	58,551	8,291	23,756	210,912
Cumulative depreciation	(80,766)	(42,702)	(8,017)	-	(131,485)
Book value as at 30 June 2023	39,548	15,849	274	23,756	79,427
Depreciation periods in years	3 to 10 years	2 to 10 years	not depreciated	not depreciated	

In the first half of 2023, intangible fixed assets fell by € 0.5 million owing to the balance of gross investments (€ 21.0 million), depreciation (€ 10.8 million) and impairment (€ 10.6 million).

Impairments relate to purchased nitrogen rights (€ 8.0 million) and the early termination of the development of an IT application (€ 2.6 million).

The impairment of nitrogen rights is attributable to the definitive ruling from the Council of State that purchased nitrogen rights can only be used within a distance not exceeding 25 km from the source. Given the distance of the sources with respect to the Port Industrial Complex, the deposition rights that have been purchased have limited use for developments in the Port Industrial Complex. Nitrogen rights have been impaired in proportion to their potential use for the Port Industrial Complex.

Tangible fixed assets

(amounts x € 1,000)	Land and infraplus	Public infrastructure, harbour basins and waterways	Quay walls, stone slopes, jetties and other mooring facilities	Property, plant and equipment, and other assets	Tangible fixed assets under construction	Total
Purchase price	1,668,824	1,348,477	2,013,634	885,738	192,836	6,109,509
Cumulative depreciation	(386,190)	(605,774)	(760,747)	(386,869)	-	(2,139,580)
Book value as at 1 January 2023	1,282,634	742,703	1,252,887	498,869	192,836	3,969,929
Gross investments	-	-	-	-	93,387	93,387
Disinvestments (purchase value)	(100)	(154)	(4,801)	(26)	-	(5,081)
Disinvestments (cumulative depreciation)	100	154	4,627	7	-	4,888
Grants (Government) Contributions	(1,600)	(5,500)	(1,500)	(1,700)	(2,104)	(12,404)
Depreciation	(11,713)	(21,251)	(25,553)	(16,674)	(6,223)	(75,191)
Impairment	-	-	-	-	(377)	(377)
Transfer acquisition value tangible/intangible fixed assets	-	-	-	-	115	115
Transfer depreciation tangible/intangible fixed assets	-	-	-	-	-	-
Commissioning	4,017	6,612	5,387	5,053	(21,069)	-
Changes in 2023	(9,296)	(20,139)	(21,840)	(13,340)	63,729	(886)
Book value as at 30 June 2023	1,273,338	722,564	1,231,047	485,529	256,565	3,969,043
Purchase price	1,671,141	1,349,435	2,012,720	889,065	256,565	6,178,926
Cumulative depreciation	(397,803)	(626,871)	(781,673)	(403,536)	-	(2,209,883)
Book value as at 30 June 2023	1,273,338	722,564	1,231,047	485,529	256,565	3,969,043
Depreciation periods in years	0 to 30 years	25 to 50 years	25 to 75 years	5 to 50 years	not depreciated	

Tangible fixed assets declined by € 0.9 million in the first half of 2023 due to gross investments (€ 93.4 million) and expenditure for projects in the development phase (€ 4.3 million), as a consequence of depreciation (-/- € 75.2 million) and impairment (-/- € 0.4 million). In addition, grants have been allocated to pre-existing assets, with a total effect of -/- € 10.3 million on the book value of the tangible fixed assets.

The most important investments for the first half of 2023 were the construction of the quay wall in the Prinses Amaliahaven and changes to the Moezelweg pipeline strip.

A total of € 8.0 million in internal payroll expenses was capitalised in the first half year of 2023 (first half year of 2022: € 6.6 million). This relates to the payroll expenses that can be directly attributed to the production of assets.



Financial fixed assets

The financial fixed assets decreased by € 36.9 million in the first half of 2023. This is attributable in part to the amortisation of the capitalised component of the interest rate swap of € 22.5 million. For a further explanation of the restructuring of the interest rate swap, you are referred to 'Financial instruments'.

Other changes in financial fixed assets relate to the release of the deferred tax asset for the first half of 2023 of € 14.7 million and the fall in the value of participating interests of € 3.1 million, mainly due to the result for participating interests.

Cash and cash equivalents

The cash and cash equivalents consist of bank and current account balances of € 123.5 million and a deposit of € 25.0 million. The changes in the cash and cash equivalents have been included in the cash flow statement.

Shareholders' equity

(amounts x € 1,000)	Issued share capital	Share premium reserve	Statutory reserve for participating interests	Statutory exchange rate reserve	Statutory reserve intangible fixed assets	Other reserves	Result before appropriation	Total
1 January 2023	900,000	391,200	66,129	(1,310)	59,103	2,787,963	247,243	4,450,328
Result Jan-Jun 2023	-	-	-	-	-	-	116,503	116,503
Dividend paid 2022	-	-	-	-	-	-	(132,272)	(132,272)
Result appropriation 2022	-	-	-	-	-	114,971	(114,971)	-
Exchange rate reserve	-	-	-	257	-	-	-	257
Reserve for participating interests	-	-	(5,432)	-	-	5,432	-	-
Change in reserve intangible fixed assets	-	-	-	-	32	(32)	-	-
Total changes half-year 2023	-	-	(5,432)	257	32	120,371	(130,740)	(15,512)
30 June 2023	900,000	391,200	60,697	(1,053)	59,135	2,908,334	116,503	4,434,816

The net result is € 116.5 million (HY1 2022: € 142.6 million).

Provisions

The provisions consist of the provision for future soil remediation of € 32.5 million (31-12-2022: € 32.4 million) and the provision for employee schemes amounting to € 13.3 million (31-12-2022: € 14.6 million).

Long-term debts

(amounts x € 1,000)	30 June 2023	31 December 2022
Loans from credit institutions	799,399	754,647
Debts from capital market financing	192,035	191,982
Loan portfolio	991,434	946,629
Redemption of leasehold	116,344	118,109
Other non-current items	258,656	293,437
Other long-term debts	375,000	411,546
Total	1,366,434	1,358,175

Loans from credit institutions have increased due to new loans amounting to a total of € 300 million. This is offset by repayments amounting to € 250 million.

Some of the loans have variable interest rates based on the 3-month Euribor reference rate plus a surcharge. These variable interest rates have been capped by means of an interest rate swap with a fixed interest percentage (underlying value of € 375 million). No collateral was issued for the facilities for long-term debts. Ratios have been agreed with financiers. As at year-end 2022, the Port of Rotterdam Authority compliance with the agreed terms was more than satisfactory.

Off-balance-sheet commitments and contingencies

The Port of Rotterdam Authority has agreed a number of contingent schemes and multi-year financial entitlements and commitments with municipal authorities, external parties and participating interests. These schemes and commitments mainly relate to the development, maintenance and servicing of the Rotterdam port and industrial complex, Rotterdam's Stadshavens district and internal operational management. We refer you to the 2022 financial statements for further details. No new off-balance-sheet commitments or contingencies were entered into in the first half of 2023.

Fiscal entity for corporation tax

The Port of Rotterdam Authority (Havenbedrijf Rotterdam N.V.) is part of a fiscal entity for the purposes of corporation tax with the following participating interests:

- Mainport Holding Rotterdam N.V.
- Cruise Port Rotterdam B.V.
- Portshuttle Rotterdam B.V.
- Blockchain Fieldlab B.V.
- Nextlogic B.V.
- PortXchange Products B.V.
- Mainport Foreign Investments B.V.
- Port of Pecém Participations B.V.
- MHR Commanditaire Vennoot B.V.
- MHR Silent Partner B.V.
- HbR CCS B.V.
- HBR CCS BD LP B.V.
- HbR CCS Pipeline LP B.V.
- HbR Hydrogen B.V.
- Cruise Port Shore Power B.V.
- PXP Global Services B.V.

The Port of Rotterdam Authority is therefore jointly and severally liable for the tax liability of the tax entity as a whole. The Port of Rotterdam Authority bears the entire tax burden and the corporation tax due is paid through the Port of Rotterdam Authority.

Fiscal entity for VAT

The Port of Rotterdam Authority (Havenbedrijf Rotterdam N.V.) is part of a fiscal entity for the purposes of VAT with the following participating interests:

- Mainport Holding Rotterdam N.V.
- Cruise Port Rotterdam B.V.
- Portshuttle Rotterdam B.V.
- Blockchain Fieldlab B.V.

- Nextlogic B.V.
- HbR CCS B.V.
- Cruise Port Shore Power B.V.

The Port of Rotterdam Authority is therefore jointly and severally liable for the tax liability of the tax entity as a whole. The VAT due is paid through the Port of Rotterdam Authority.

Financial instruments

The Port of Rotterdam Authority has interest rate swap contracts with a number of credit institutions. The interest rate swaps serve to cover the interest rate risk for the Port of Rotterdam Authority on the variable loans as well as the long-term financing requirement that follows from the strategic ambitions of the Port of Rotterdam Authority.

The calculated market value of the interest rate swaps as at 30 June 2023 totalled € 10.2 million (as at 31 December 2022: € 15.8 million). The decrease in the positive value is due to a decrease in the long-term variable interest rate. The Port of Rotterdam Authority does not intend to prematurely terminate the entire interest rate swap position since the interest swap covers the interest rate risk.

The Port of Rotterdam Authority uses cost-price hedge accounting. We refer you to the 2022 financial statements for further details.

Risk management

The Port of Rotterdam Authority has a risk management and control system for the identification, management and reporting of risks. The system is based on the internationally accepted standards of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and it is described in the 2022 annual report. The main risks were updated in early 2023 as part of the strategic planning process. The consequences of this update are that:

- ‘Declining support for the port’ has been added to our top risk landscape;
- the top risk ‘Compliance (corruption) issues in foreign participation’ has been extended to include ‘corruption and human rights issues in foreign and procurement activities’

Furthermore, the ‘Lack of adequately profitable value propositions/space for sustainability, digitalisation’ has been removed from our list of top risks. The focus on this area is safeguarded through internal governance. In addition, nitrogen (as part of the adequate use of the environmental margin) is a focus of explicit attention as a distinct top risk in our risk landscape.

The area in which the Port of Rotterdam Authority operates is complex and dynamic. This is expected to remain the case, among others because of geopolitical developments, sanctions, the ongoing expansion of legislation and regulations, and declining support for the port. We are monitoring the developments and taking anticipatory action where possible.

Total operating income

(amounts x € 1,000)	HY1 2023	HY1 2022
Sea port dues	161,660	162,382
Inland port dues	7,992	7,933
Revenue from contracts	228,716	219,434
Total net revenue	398,368	389,749
Other operating income	18,173	22,462
Total	416,541	412,211

Revenue from sea port dues decreased in the first half of 2023 compared to the first half of 2022, primarily because of a fall in throughput that had a negative volume impact.

Revenue from contracts (including rental, leasehold and quay dues) increased as a result of new contracts, indexation, the reduction of incremental discounts and price changes. These are long-term contracts.

The other operating income consists mainly of proceeds from sand sales, dredging activities for third parties, sediment storage for third parties and the contribution for the Traffic Guidance System. The fall is primarily attributable to the inclusion in the first half of 2022 of a one-off return associated with the contribution from the City of Rotterdam for the restitution of Landtong Rozenburg of € 6.9 million.

The operating income is generated entirely in the Netherlands.



Total operating expenses

(amounts x € 1,000)	HY1 2023	HY1 2022
Wages, salaries and social security	60,603	61,023
Operating expenses	72,332	62,404
Other operating expenses	1,688	973
Total	134,623	124,400

Total costs increased by € 10.2 million. The increase was caused mainly by an increase in operating expenses across the board due to the indexation of rates.

Financial income and expenditure

(amounts x € 1,000)	HY1 2023	HY1 2022
Interest income on long-term receivables	84	84
Other interest income	1,966	581
Exchange rate differences	(51)	202
Total financial income	1,999	867
Interest charges for financing	29,392	25,196
Interest charges on provisions (employee schemes and soil remediation)	735	(463)
Capitalised interest on tangible fixed assets under construction	(1,458)	(987)
Other interest charges	450	1,581
Total financial expenses	29,119	25,327
Total financial expenses	27,120	24,460

Interest on tangible fixed assets under construction is capitalised during the period of the asset's construction. This capitalised interest is calculated on the basis of the weighted average interest rate of loan capital attracted by the Port of Rotterdam Authority. The percentage adopted for 2023 is 1.37% (2022: 1.32%).

The interest expense provisions mainly relate to the provision for soil remediation. The change is due to fluctuations in the calculated interest.

Income from participating interests

The income from participating interests for the first half of 2023 was -/- € 3.4 million (HY1 2022: € 3.7 million). The change is attributable to the premium for the Porthos guarantee scheme that is owed to the State and passed on to HbR CCS B.V. (€ 7.3 million).

Taxation

The taxes in the income statement for the first half of 2023 comprise deferred and current taxes. The deferred taxes consist primarily of the release of the deferred tax asset for the first half year of 2023 (-/- € 16.5 million). The current taxes consist of the current corporation tax in the first half of 2023 (-/- € 20.3 million). A corporation tax rate of 25.8% has been applied to the current tax burden for 2023.

(amounts x € 1,000)	HY1 2023
Deferred taxes	
Release of deferred tax 2023	(16,480)
Correction of deferred tax claim for intangible fixed assets	248
Correction of fiscal depreciation for buildings	1,483
	(14,749)
Current taxes	
Estimate of current corporation tax 2023	(20,251)
Current corporation tax 2022	(330)
Current corporation tax 2021	(2,438)
	(23,019)
Total	(37,768)

On 30 June 2023, the deferred tax asset was € 1,033.7 million. The deferred tax asset will be released in the following instalments:

(amounts x € 1,000)	1 year	1–5 years	5–10 years	> 10 years	TOTAL
	28,339	119,548	164,453	721,335	1,033,675
30 June 2023	28,339	119,548	164,453	721,335	1,033,675

The effective tax burden is the tax (current and deferred) divided by the result before tax. This results in an effective tax burden of 25.8%.

(amounts x € 1,000)	
Result of the corporation tax for the fiscal entity before tax	146,285
Taxation	37,768
Effective tax burden	25.8%

Related-party transactions

All participating interests, as well as members of the executive board, the supervisory board and shareholders (the City of Rotterdam and the State) are considered to be related parties. All related-party transactions were conducted at arm's length.

Appropriation of the result

The result after tax for the first half of 2023 was € 116.5 million. It has been included in the 2023 half-year figures as 'Result before appropriation' under shareholders' equity. The profit on ordinary activities before taxation was € 157.7 million for the first half of 2023 (HY1 2022: € 179.0 million).

With the resolution of the General Meeting of Shareholders in March 2023, the dividend for 2022 (€ 132.3 million including dividend tax) was paid out in June 2023, as was all of the dividend tax. The remainder of the net result from 2022 (€ 115.0 million) has been added to the other reserves.

Events after the balance-sheet date

There were no events after the balance-sheet date resulting in further information about the actual situation as at the balance-sheet date or that are relevant to the judgement to be made by readers of the half-year report.

Port of Rotterdam Authority

19 July 2023

Executive Board

Ir. B. (Boudewijn) Siemons

- Interim CEO and COO

Drs. V.D.I.V. (Vivienne) de Leeuw

- CFO