Deutsche Bahn

Integrated Interim Report
January – June 2023

ABOUT THIS REPORT

We have added a few helpful features to make this report simpler to read:

We have used the following symbol to refer to further information in a certain section within the report: xxx.

With our environmental brand “Das ist grün.” (This is green.), we make our Green Transformation visible both externally and internally – including on our Web site nachhaltigkeit.deutschebahn.com/en.

Further information can be found on our link page at db.de/links-interim-report23 or on the specified Web site.

Online report

An online version and a PDF version of this Integrated Interim Report are available online: db.de/zb-e.

Gender-neutral language

Gender-neutral language is used for natural persons. In the case of legal persons, functions or committees, the generic masculine is used.

ONLINE ADDITIONS

Interactive key figures

You can find our interactive key figure comparison at: db.de/keyfigures.

AT A GLANCE

To the interactive key figure comparison

SELECTED KEY FIGURES	H 1 2023	H 1 2022	Change absolute	Change %	H 1 2019
KEY FINANCIAL FIGURES (€ MILLION)					
Revenues	24,972	27,968	- 2,996	- 10.7	22,014
Profit before taxes on income	51	682	- 631	- 92.5	277
Net profit/loss (after taxes)	- 71	424	- 495	-	205
EBITDA adjusted	2,375	2,804	- 429	- 15.3	2,534
EBIT adjusted	331	876	- 545	- 62.2	757
Equity as of Jun 30/Dec 31	14,329	14,679	- 350	- 2.4	14,927
Net financial debt as of Jun 30/Dec 31	30,278	28,827	+ 1,451	+ 5.0	24,175
Total assets as of Jun 30/Dec 31	76,754	76,303	+ 451	+ 0.6	65,828
Capital employed as of Jun 30/Dec 31	46,574	45,289	+ 1,285	+ 2.8	42,999
Return on capital employed (ROCE) (%)	1.4	3.9	- 2.5	-	3.6
Debt coverage (%)	11.4	13.2	- 1.8	-	13.8
Gross capital expenditures	6,304	5,402	+ 902	+ 16.7	4,825
Net capital expenditures	3,100	2,740	+ 360	+ 13.1	2,350
Cash flow from operating activities	1,931	1,498	+ 433	+ 28.9	1,386
PERFORMANCE FIGURES					
Passengers (million)	1,952	1,809	+ 143	+ 7.9	2,456
RAIL PASSENGER TRANSPORT					
Punctuality of DB passenger transport (rail) in Germany (%)	91.8	92.5	- 0.7	-	94.3
Punctuality of DB Long-Distance (%)	68.7	69.6	- 0.9	-	77.2
Passengers (million)	990.2	917.5	+ 72.7	+ 7.9	1,293
thereof in Germany	876.5	783.9	+ 92.6	+ 11.8	1,050
thereof DB Long-Distance	68.2	59.1	+ 9.1	+ 15.4	71.8
Volume sold (million pkm)	41,196	36,431	+ 4,765	+ 13.1	47,250
thereof in Germany	38,323	33,257	+ 5,066	+ 15.2	41,277
thereof DB Long-Distance	21,658	18,339	+ 3,319	+ 18.1	20,894
Volume produced (million train-path km)	330.7	352.2	- 21.5	- 6.1	381.4
RAIL FREIGHT TRANSPORT					
Freight carried (million t)	103.5	115.0	- 11.5	- 10.0	122.4
thereof German companies	86.1	95.8	- 9.7	- 10.1	96.4
Volume sold (million tkm)	38,644	43,523	- 4,879	- 11.2	43,738
thereof German companies	27,311	30,717	- 3,406	- 11.1	31,221
TRACK INFRASTRUCTURE					
Punctuality (rail) in Germany [1] (%)	90.7	91.5	- 0.8	-	93.6
Punctuality DB Group (rail) in Germany (%)	91.7	92.3	- 0.6	-	94.2
Train kilometers on track infrastructure (million train-path km)	558.1	563.2	- 5.1	- 0.9	543.0
thereof non-Group railways	217.5	205.4	+ 12.1	+ 5.9	179.9
Share of non-Group railways (%)	39.0	36.5	+ 2.5	-	33.1
Station stops (million)	79.8	79.6	+ 0.2	+ 0.3	77.7
thereof non-Group railways	23.8	22.1	+ 1.7	+ 7.7	19.5
BUS TRANSPORT					
Passengers (million)	962.1	891.5	+ 70.6	+ 7.9	1,163
Volume sold [2] (million pkm)	2,940	2,425	+ 515	+ 21.2	3,368
Volume produced (million bus km)	678.3	714.4	- 36.1	- 5.1	795.5
FREIGHT FORWARDING AND LOGISTICS					
Land transport shipments (million)	50.5	53.2	- 2.7	- 5.1	53.9
Air freight volume (export) (thousand t)	570.8	673.3	- 102.5	- 15.2	578.9
Ocean freight volume (export) (thousand TEU)	883.1	966.2	- 83.1	- 8.6	1,115
ADDITIONAL KEY FIGURES					
Order book for passenger transport as of Jun 30/Dec 31 (€ billion)	92.6	94.1	- 1.5	- 1.6	87.9
Rating Moody's/S&P Global Ratings	Aa1/AA-	Aa1/AA-	-	-	Aa1/AA-
Employees as of Jun 30 (FTE)	324,572	324,526	+ 46	-	321,765

[1] Non-Group and DB Group train operating companies.
[2] Excluding DB Arriva.

CONTENTS

CHAIRMAN'S LETTER

Dear readers,

2023 represents a year of transformation for Deutsche Bahn. We are forging ahead with the necessary changes in a resolute and consistent way, focusing on our program for a common good-oriented infrastructure, which we are introducing together with the Federal Government, and as DB Group we have made advance payments.

The demand in regional and long-distance transport has also developed positively this year. The Germany-Ticket has been a fast seller and helped to spur on local public transport: the first two sales months saw 11 million tickets sold across the sectors. Volume sold in long-distance transport reached a record high in the first half of the year. People are now traveling increasingly further by rail.

DB Schenker achieved a good first half-year and, despite the normalizing freight rates, once again made an encouragingly high, positive contribution to consolidated profit. Compared to fuel, considerably increased electricity prices and a still low market dynamic have created a challenging competitive environment in rail freight transport. This has had an impact on the DB Cargo result.

In the first half of the year, we continued on our capital expenditure and growth course of the past four years, bringing on board more than 13,500 new colleagues. In one of the largest procurement projects in our history, in May we placed an order totalling about € 2 billion to purchase 73 additional ICE trains, 17 ICE 3neo, and 56 ICE L trains, which will be joining our fleet from 2026. A total of 90 ICE 3neo and 79 ICE L trains will strengthen our fleet. Our passengers are already benefiting from a broader range of vehicles. Trains are traveling between 11 major cities every half-hour.

Yet, despite the positive examples, we should not lose sight of the fact that operations of the first half of 2023 did not run satisfactorily. The main reason being the poor condition of the rail network. Therefore, the decisions that we have made this spring together with the Federal Government are incredibly important for our passengers.

In its resolution regarding the 2024 Federal budget, the Federal Government also backed the decision made by the coalition committee at the end of March to ease the investment backlog in the German rail network and invest up to € 45 billion in additional funds in rail by 2027. Of this figure, € 15 billion will be provided within the next two years. This is an important signal that supports the necessary development of construction and planning capacities in the railway industry.

It is a paradigm shift and a key requirement for a successful transition to more sustainable mobility that the majority of the additional income from truck tolls will in future flow straight into rail. The rail network of tomorrow is based on three central building blocks. Firstly, the sustained modernization of the existing network and stations with the associated evident improvement in quality for passengers and the loading industry. The path to achieve this includes a gradual general modernization of highly utilized corridors.

Secondly, the digitalization of the rail network so as to significantly expand the capacity of the existing network. And, thirdly, the development and construction as well as the further electrification of the rail network. In this way, we can generate additional capacities and implement Germany in sync.

One thing is sure: the foundation for ensuring growth and a shift in the mode of rail transport is a strong infrastructure. And we will continue to work toward this with all our might this year.

The preparations for the general modernization of the first corridor – the Riedbahn between Frankfurt am Main and Mannheim – are currently underway at full speed. These preparations include the planning of replacement transport and detours as well as the upgrading of the associated lines so that the work can start on time in July 2024.

Once the general modernization is complete and the Riedbahn is put into operation at the end of 2024, the improvements will be very noticeable. The effects will be enhanced as each further corridor is improved. Not least, this will also enhance operational processes for our colleagues. I would like to take this opportunity to express my sincere thanks to them for their passionate dedication. Together we will make the tracks strong and the railway better!

Sincerely,

Dr. Richard Lutz
CEO and Chairman of the Management Board
of Deutsche Bahn AG

INTERIM GROUP MANAGEMENT REPORT (UNAUDITED)

OVERVIEW

Implementation of additional measures for track infrastructure in 2023

The Federal Government intends to provide substantial additional funds in the coming years to modernize the rail network. This increased funding will become available in 2024. In order not to lose time on urgently needed measures, the rail infrastructure companies of Deutsche Bahn Group (DB Group) will step up in 2023 with their own funds for replacement capital expenditures – for example, to compensate for inflation effects – and additional maintenance expenses in advance, which are also invested in the maintenance of the railways. These advance payments are to be replaced by Federal funds in 2024.

Increase in energy and procurement costs

The calming of raw material prices that emerged at the end of 2022 has stabilized, but prices remain at a high level. Lower energy prices – which are still high compared to the initial level – influence DB Group directly or indirectly on many levels. Energy-oriented areas with a particular focus on materials in the infrastructure sector are also particularly affected (due, among other things, to the energy-intensive production of steel, cement and concrete). The expiration of price hedges, which could not be concluded again at the same level, also made itself felt in the first half of 2023.

Considerably more difficult environment for freight-forwarding and logistics activities

DB Schenker 61 ff. had achieved the highest revenues and profits in its history in 2022. This was also due to temporary supply chain disruptions and low freight capacity around the globe.

Market conditions have again changed sharply, which is reflected in particular in significantly lower air and ocean freight rates. DB Schenker revenues and profits therefore declined significantly in the first half of 2023.

DB Schenker's results, however, remain at a significantly higher level than before the Covid-19 pandemic.

Introduction of the Germany-Ticket

The Germany-Ticket 7, which is valid for local public transport nationwide, was introduced on May 1, 2023, at a price of € 49 per month. The ticket is available in electronic form and is offered as a month-to-month subscription. The Germany-Ticket can be purchased for unlimited travel on all local trains, such as RB, RE and S-Bahn (metro) trains as well as on public transport such as buses, trams, subways, etc. belonging to participating national fares, transport associations and transport companies, subject to validity regulations and their terms and conditions. An initial interim assessment after two months of the Germany-Ticket shows a high level of customer acceptance and intensive use: in June, DB Regional's volume sold increased by around 30 % (adjusted for the 9-Euro-Ticket effect and portfolio changes).

Collective bargaining negotiations with the EVG

On February 28, 2023, DB Group started collective bargaining negotiations 20 with the Railway and Transport Workers Union (EVG). After seven rounds of negotiations and two warning strikes, the EVG declared the negotiations to have failed at the end of June 2023 and announced a ballot. Prior to this, a mediation session will be held from July 17 to 31, 2023, under the direction of Prof. Heide Pfarr and Dr. Thomas de Maizière.

Additional funding for track infrastructure starting in 2024

The Federal Government has confirmed the decision of the coalition committee of March 28, 2023, to cover up to € 45 billion of the capital expenditure requirements of DB Group 5 by using, among other things, prorated income from the CO_2 surcharge from truck tolls; this will mainly be used for capital expenditure in track infrastructure. In this context, it will also be examined how a contribution of € 15 billion can be made in the next two years to cover capital expenditure requirements.

The priority is to modernize and digitalize the existing network.

FUNDAMENTALS

Changes in the executive bodies of DB AG

There were no changes in the Management Board or Supervisory Board of Deutsche Bahn AG (DB AG) in the first half of 2023.

Sustainability management

With the Green Transformation 17 f. and our social responsibility 4, we are pursuing a holistic approach anchored in the Group's Strong Rail strategy. More information on the Green Transformation and our social responsibility is available on our sustainability Web site.

SOCIAL RESPONSIBILITY

With more than 300,000 employees worldwide, billions of passengers and a large number of partners, DB Group occupies a central role in the heart of society. We have been embodying social responsibility for a long time and across all Group divisions. In particular, our focus is on our employees, our customers and our business partners, as well as on society as a whole. Our four clearly defined attitudes shape our day-to-day actions. They form the basis for and help guide our diverse activities:

- Fostering of a strong sense of togetherness.
- Fulfillment of social commitments.
- Strengthening of diversity.
- Responsibility for our history.

IMPLEMENTATION OF THE GERMAN ACT ON CORPORATE DUE DILIGENCE OBLIGATIONS IN SUPPLY CHAINS

Since January 1, 2023, the German Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettensorgfaltspflichtengesetz; LkSG) obliges companies with more than 3,000 employees to prevent or minimize human rights-related and environmental risks in their own operations and supply chains.

In order to fulfill our human rights and environmental due diligence obligations, we set up an appropriate and effective risk management system in accordance with the LkSG, and we are incrementally embedding this system in all relevant business processes. In addition to defining responsibilities for the effective implementation and monitoring of requirements under the LkSG, our focus in the first half of 2023 was on the implementation of a systematic risk analysis, the core of our risk management approach. We identify the risks our business activities pose to people and the environment both in our own operations and along our supply chains, with the aim of preventing, minimizing or eliminating these risks. To achieve this goal, we have already begun to refine existing preventive measures and implement new ones. For example, we are revising our codes of conduct, adapting them to the requirements of the LkSG and conducting awareness-raising measures in procurement.

Since January 1, 2023, our current whistle-blower management has been accessible for all LkSG topics, making it possible to report human rights-related and environmental risks as well as corresponding breaches of duty.

ESG RATINGS

The feedback from ESG (environmental, social and governance) rating agencies is very important to us as a benchmark and an indicator for our stakeholders' main concerns.

ESG RATINGS	2023	2022	2021	Last update	Rating scale
CDP (climate rating)	–	A	A	Dec 2022	A to F
EcoVadis	–	68	61	Jun 2022	Top 1% (75–100) Top 5% (67–74) Top 25% (56–66) Top 50% (47–55)
ISS ESG	–	C+	C+	Dec 2021	A+/4.00 to D-/1.00
Moody's ESG	52	52	52	Sep 2021	advanced (60–100) robust (50–59) limited (30–49) weak (0–29)
MSCI	AA	AA	A	Feb 2023	Leader (AA–AAA) Average (BB–A) Laggard (CCC–B)
Sustainalytics	25.3	24.5	19.7	Apr 2023	Risk assessment: negligible (0–10) low (10–20) moderate (20–30) high (30–40) severe (40–100)

In alphabetical order.

More information on our ESG ratings are available on our investor relations Web site.

- Sustainalytics adjusted its ESG risk for DB Group in April 2023. This is due to a determination of higher risk exposure and an updated assessment of the management of the issue under "Carbon – own operations."

Development of business environment

NATIONAL ENVIRONMENT

DB Group

IMPLEMENTATION OF COMMON GOOD-ORIENTED INFRASTRUCTURE

With regard to the common good-oriented infrastructure, the Federal Government's coalition agreement stipulates the following: "The infrastructure units (DB Netz, DB Station and Service) of Deutsche Bahn will be merged within the Group into a new, common good-oriented infrastructure unit. This will be wholly owned by Deutsche Bahn as a part of DB Group. Future profits from the operation of infrastructure will remain with the new infrastructure unit."

The Federal Government and DB Group are aiming to create this common good-oriented infrastructure by January 1, 2024. This common good-oriented infrastructure is intended to be consistently geared toward achieving rail policy goals. It consists of five pillars. The first pillar is the concept of and overall program for the new management of the infrastructure with the following elements: creation of a high-performance network, maintenance and modernization of the network, rapid capacity expansion, consistent digitalization, stations of the future, efficient service facilities, and expansion / new construction and electrification. The new management regime will reverse the trend of network and station aging and quality, and will noticeably increase robustness and capacity by 2030. The second pillar is the creation of the necessary legal basis, in particular, the transition to flexible financing regulations by reforming the Federal Rail Infrastructure Extension Act 8. The third pillar redefines the financing framework. On the one hand, derived from the recommendations of the Rail Acceleration Commission 5 f., the financing architecture is to be adapted by simplifying the subvention funds. On the other hand, the necessary additional financial resources must be made available by the budgetary legislator to implement the overall program (government draft of the 2024 Federal budget 5) and refinement of the content of the Performance and Financing Agreement. With the fourth pillar, the Federal Government wants to strengthen the future corporate and financial management of the infrastructure. The fifth pillar creates the organizational framework based on the content. In concrete terms, DB Station&Service AG will be merged with DB Netz AG.

GOVERNMENT DRAFT OF THE 2024 FEDERAL BUDGET

On July 5, 2023, the Federal Government adopted the draft of the 2024 Federal budget and financial plan up to 2027. In the area of track infrastructure, there will be an increase in funding of € 2.9 billion in 2024 compared to the 2023 estimates, in particular for the conservation of assets (Performance and Financing Agreement; € +1.8 billion), Digitalization / European Rail Traffic Management System (ERTMS) (€ +0.7 billion) and requirement plan (€ +0.3 billion). The draft budget also provides for increases in funding for rail freight transport compared to 2023, mainly due to an increase in support for single wagon transport 40 to € 300 million (€ +220 million compared to 2023). In addition, both the facility price support (€ 85 million) and the train-path price support (€ 350 million) will continue at the 2023 level. This means a total of € 13.0 billion will be allocated to rail in 2024.

In total, the Federal Ministry for Digital Affairs and Transport (BMDV) will have a budget of around € 11.3 billion more from 2024 to 2027 than previously allocated in the financial plan for rail, totaling € 53.3 billion. The additional funds will also be financed by the use of prorated income from the CO_2 surcharge from truck tolls. DB Group has an additional requirement of € 45 billion for the years 2024 to 2027 compared to the previous financial plan. However, with the increases in infrastructure funding provided for in the draft budget and financial plan, these additional requirements will still only be partially reflected up to 2027. In the face of this, the Federal Government reaffirmed in its cabinet draft the decision of the coalition committee of March 28, 2023, to cover up to € 45 billion of DB Group's capital expenditure requirements. In this context, it is also to be examined how a contribution totaling € 15 billion can be made in the next two years to cover additional capital expenditure requirements.

The economic plan for the Climate Protection and Transformation Fund is to be adopted by mid-August 2023 and then sent to the lower (Bundestag) and upper (Bundesrat) houses of Parliament together with the draft budget. Starting in September 2023, the Federal budget will be addressed in the German Parliament, with a vote expected on December 1, 2023.

RAIL ACCELERATION COMMISSION

On December 13, 2022, the Rail Acceleration Commission presented its final report at the direction of the BMDV. Industry associations and DB Group were involved in its preparation. The commission provides comprehensive recommendations for action to accelerate planning, approval and construction processes in rail transport and to further develop financing processes. It proposes the creation of a high-performance network through the general modernization of highly utilized lines. The commission also supports the proposals for small and medium measures drawn up by the Association of German Transport Companies (VDV) and DB Group. From these, it has developed a list of 89 proposals that can be implemented in the short term, with the focus on transfer points. Approval processes are intended to be completed faster, in particular through legislation modeled on the example of the energy sector, for example a legal basis of overriding public interest in railway development. The commission noted that the financing of track infrastructure is highly complex and therefore recommended a new financing architecture. In particular, sources of financing should be combined and shares of additional revenue from truck tolls used for this purpose.

On June 20, 2023, the BMDV presented its first progress report on the implementation of the commission's recommendations. According to the report, 17 commission recommendations (four of them in modified form) are in the process of being implemented. The implementation of 27 further commission recommendations (eight of which are in modified form) is being prepared; 11 recommendations are still under consideration.

Several of the recommendations require amendments to existing laws. Some of the commission's recommendations have already been factored into ongoing legislative procedures. This applies in particular to the Act to Accelerate Planning and Approval Procedures in the Transport Sector and to Implement Directive (EU) 2021/1187 on Streamlining Measures for Advancing the Realization of the Trans-European Transport Network (Transport Authorization Procedures Acceleration Act) adopted in the Federal Cabinet on May 3, 2023, the Fourth Act to Amend the Federal Rail Infrastructure Extension Act adopted in the Cabinet on June 7, 2023, and the third act to amend toll regulations adopted in the Cabinet on June 14, 2023. In these bills, for example, the recommendation on overriding interest will be limited to the rail requirement plan, new funding opportunities for the Federal Government will be created and the recommendation on truck tolls will be implemented in accordance with the proposal.

The BMDV has announced the Modern Railways Act, proposed by the Acceleration Commission, for the third quarter of 2023.

EXPANSION OF TRUCK TOLLS

On June 14, 2023, the Federal Government passed the third act to amend toll regulations. It provides for the extension of the truck toll to vehicles over 3.5 t (previously 7.5 t) starting mid-2024 and for a higher pricing on CO_2 emissions starting December 2023. From 2024 to 2027, the Federal Government expects toll revenues to total around € 64 billion. According to the bill, half of the total toll revenue is to be used for measures in the area of mobility, with most of that for Federal railways.

DEFENSIVE SHIELD AGAINST THE IMPACT OF THE WAR IN UKRAINE

The Federal Government is using a financial "defensive shield" to reduce rising energy costs and the most severe consequences for consumers and companies. To this end, in 2022, the Economic Stabilization Fund (ESF) is being supplied additional lines of credit amounting to € 200 billion to finance the Government's gas and electricity price brake scheme. The required laws (German Electricity Price Brake Act (Strompreisbremsegesetz) and the Natural Gas Heat Price Brake Act (Erdgas-Wärme-Preisbremsegesetz)) entered into force on December 24, 2022. The energy price brakes will also take the strain off rail transport. On June 23, 2023, the German Parliament passed an amendment containing further amendments to the statutory energy price brakes, which were also passed by the Upper House of Parliament (Bundesrat) on July 7, 2023. This amendment essentially clarifies legal issues. The legal amendments also serve to ensure that implementation in the railways is fully legal.

DRAFT AMENDMENT TO THE FEDERAL CLIMATE CHANGE ACT

On June 21, 2023, the Federal Cabinet adopted an amendment to the Federal Climate Change Act. Germany's climate protection targets remain unchanged. These targets are to achieve a reduction of 65 % compared to 1990 by 2030, 88 % by 2040 and net greenhouse gas neutrality by 2045.

In future, all sectors will be included in a comprehensive, multi-year, forward-looking account. Together with monitoring of emissions data from the previous year, the projected emissions development is to become the basis for action by 2030 as well as for 2035, 2040 and 2045. If the projection data shows a missed target in total annual emissions for two consecutive years, the Federal Government must work out measures to achieve the target.

In future, the Federal Government is to present a comprehensive climate action program no later than 12 months after the start of each legislative period.

DRAFT CLIMATE ACTION PROGRAM 2023

On June 21, 2023, the Federal Government recognized the draft Climate Action Program 2023. The Climate Action Program 2023 aims to ensure compliance with the 2030 climate protection targets. It includes measures covering all sectors.

For the transport sector, in addition to the areas of increased use of the potential of synthetic fuels, drive changes for trucks and heavy commercial vehicles, acceleration of climate neutrality for passenger cars, renewable energies and electrification of air and ocean transport, digitalization, land-use and transport planning as well as mobility management, the topic of rail transport and strengthening urban and regional transport was addressed. With regard to rail, the Federal Government reaffirms that, in the coming years, considerable funding will be made available to modernize and expand the rail network. Priority will be given to increasing the capacity of the core network. The additional capital expenditure requirements to 2027 will amount to around € 45 billion. This is to be covered, as far as financially feasible, through the use of prorated revenues from the CO_2 surcharge for truck tolls, among other things. In addition to intensifying the ramp-up of capital expenditures for rail, measures include strengthening and digitalizing the existing network, strengthening rail freight transport and a digitalization package for rail.

Passenger transport

INTRODUCTION OF THE GERMANY-TICKET

The Germany-Ticket, which is valid for local public transport nationwide, was introduced on May 1, 2023, at a price of € 49 per month. The agreement between the Federal Government and the Federal states on the financing of the ticket took place at the Conference of Minister-Presidents on December 8, 2022. According to the agreement, the Federal Government and the Federal states each cover half of the costs for the ticket with € 1.5 billion per year from 2023 to 2025. Any additional costs incurred by the transport companies when introducing the ticket in 2023 will also be covered 50/50 by the Federal Government and the states. The financing rules were formally implemented under the Ninth Act to Amend the Regionalization Act. In addition to the increase in regionalization funds, this amendment increases train-path usage and station fees for regional rail passenger transport to 1.8 % per year by 2025. This is a deviation from the previous regulation in the Railway Regulation Act, which stipulated that regional rail passenger transport fees are linked to changes in regionalization funds, which was increased from 1.8 % to 3.0 % starting in 2023.

GERMANY IN SYNC

Germany in sync is an essential element of the Master Plan for Rail Transport. In 2021, as a result of the assessment of a range of measures for Germany in sync, around 180 measures were made urgent priorities in the rail requirement plan. This is linked to a basic ability to finance the measures under the requirement plan. The assessment is based on the target schedule 2030+ drafted by independent Federal Government experts. On May 3, 2023, the Federal Cabinet adopted a corresponding amendment to Appendix 1 to the Federal Rail Infrastructure Extension Act (Bundesschienenwegeausbaugesetz; BSWAG), which will be part of the Law to Accelerate Planning and Approval Procedures in the Transport Sector and to Implement Directive (EU) 2021/1187 on Streamlining Measures for Advancing the Realization of the Trans-European Transport Network.

In order to provide a clear and sufficiently definitive designation of the projects required for Germany in sync, the projects in the rail requirement plan – a total of 11 project bundles – will be created in Appendix 1. These include both new and existing projects.

At the end of April 2023, the BMDV also began a dialog with stakeholders to update the target schedule for Germany in sync. The target schedule will be adapted to the changing needs of the users, among others, to the states' regional rail passenger transport concepts. The purpose here is not to redesign the target schedule. The hubs and target travel times providing structure to this schedule nationwide remain unchanged.

IMPLEMENTATION OF THE EU RAIL PASSENGER RIGHTS REGULATION

The EU Rail Passenger Rights Regulation entered into force on June 7, 2023. It adds an exception to the obligation to provide compensation in cases of force majeure. The national regulatory options are being implemented by the amendment to the railway traffic ordinance (Eisenbahn-Verkehrsordnung; EVO) and the General Railways Act (Allgemeines Eisenbahngesetz; AEG). The Upper House of Parliament (Bundesrat) adopted the bill amending the AEG on June 16, 2023, and the revised EVO on July 7, 2023. The compensation schemes continue to follow the established delay thresholds of 60 and 120 minutes and compensation levels of 25 % and 50 % of the ticket price, respectively. The Germany-Ticket is classified as a significantly discounted ticket, meaning passengers are not entitled to higher-quality trains after delays of 20 minutes. Starting January 1, 2025, the industry will also be required to establish a single point of contact for passengers with reduced mobility.

Infrastructure

FEDERAL GOVERNMENT AMENDS FEDERAL RAIL INFRASTRUCTURE EXTENSION ACT

On June 7, 2023, the Federal Cabinet adopted a government bill of a Fourth Act to Amend the BSWAG. The BSWAG is the legal basis for capital expenditures on Federal rail infrastructure. With the amendment, the Federal Government wants to remove existing capital expenditure barriers and strengthen the performance capability and availability of track infrastructure. The cabinet bill creates new financing options by opening up public funding to non-investment matters. This means that, in future, maintenance costs should also be funded by the Federal Government, as should one-off costs (for example decommissioning, IT services) and follow-up costs of Federal measures. There is still a need for clarification on some points, including with regard to the financing capacity of reception buildings at stations and service facilities. The legislative procedure is slated to be completed by fall 2023. On the basis of this law, the financing agreements between the Federal Government and DB Group can then be supplemented and further developed in order to ensure the reliable call-up of funds starting 2024 under the new framework.

FEDERAL GOVERNMENT ACCELERATING APPROVAL PROCEDURES IN TRANSPORT SECTOR

On May 3, 2023, the Federal Cabinet adopted the Law to Accelerate Planning and Approval Procedures in the Transport Sector and to Implement Directive (EU) 2021/1187 on Streamlining Measures for Advancing the Realization of the Trans-European Transport Network (TEN-T). For rail, the Federal Government bill establishes an overriding public interest in all projects in the rail requirement plan. This is intended primarily to accelerate the approval of exemptions in wildlife conservation. Paperless public participation will be facilitated for all rail-related plan approval procedures. This avoids time-consuming media breaks in DB application documents. Deadlines will also be introduced for plan approval procedures for TEN-T corridors. Furthermore, the regulation on noise reduction deadlines set in the last legislative period is being extended, which is intended to avoid replanning in ongoing plan approval procedures more than before.

GERMAN PARLIAMENT PASSES INFRASTRUCTURE ACCELERATION ACT

On February 10, 2023, the German Parliament passed the law to accelerate administrative court proceedings in the area of infrastructure, which is intended to significantly reduce the duration of court proceedings in the case of projects with "high significance for the economy or infrastructure." This also includes the expansion of the rail network. Overall, the law should provide more flexibility for the courts and more streamlined court proceedings.

Freight transport

MASTER PLAN FOR RAIL FREIGHT TRANSPORT

The implementation of the Master Plan for Rail Freight Transport will continue as per the current procedure in support of the Rail Future Alliance. Important issues from the Master Plan for Rail Freight Transport are also included in the Master Plan for Rail Transport. Important funding instruments for rail freight transport are the prorated funding of train-path and facility prices, the Federal Future of Rail Freight Transport Program, the Siding Support Directive and the Combined Transport Support Directive.

Train-path price support has been relieving the burden on rail freight transport since 2018. The corresponding support directive was limited to June 30, 2023. In June 2023, the European Commission approved the extension of the support directive from July 1, 2023, to November 30, 2024. The total budget for the declared continued support period is around € 368 million.

PRIORITIZATION OF ENERGY TRANSPORT

The German Energy Security Transport Ordinance (Energiesicherungstransportverordnung; EnSiTrV) entered into force on August 30, 2022. It initially had a term of six months, to the end of February 2023. With the approval of the Upper House of Parliament (Bundesrat), the term was extended to March 31, 2024. Another amending ordinance will freeze the ordinance on September 1, 2023. From this point on, the EnSiTrV only opens up the possibility of prioritizing the transport of energy sources listed in an annex and of large transformers on railways over other traffic once the Federal Ministry for Economic Affairs and Climate Protection has identified a potential supply bottleneck for individual locations or regions. Currently, there is a general preferential option for these. As a last resort, the ordinance provides for the possibility of interfering with existing infrastructure utilization contracts in favor of the transport of energy sources and large transformers.

EUROPEAN ENVIRONMENT

DB Group

REVISION OF EU DIRECTIVE ON CERTIFICATION OF TRAIN DRIVERS

The European Commission is revising Directive 2007/59/EC on the certification of train drivers. The aim of the revision is to improve the mobility of train drivers in cross-border transport throughout the EU's rail network and to facilitate changes to other employers. The focus will be on a common operating language, harmonization of training and the new structure of the operating license and additional certificates. The Commission's plan to adopt a regulation instead of a directive in the future must be critically assessed.

This legal act cannot be adopted as originally planned in June or July 2023, rather it will be adopted gradually starting in fall 2023. The first legal act is scheduled to be adopted in fall 2023 in the form of primary legislation, followed by secondary legislation (implementing acts).

The main subject of the train drivers' directive remains the question raised by the Commission and Parliament of the introduction of a Europe-wide (second) operating language and its impact on safety, practicality and costs. The main solution can and must be a holistic approach that takes into account all aspects of communication in railway operations and creates foundations on a scientific basis. DB Group, SNCF and the International Union of Railways (UIC) have shown at the political level and triggered the discussion as to whether and to what extent digital translation tools can provide a solution.

THE EUROPEAN GREENING TRANSPORT PACKAGE

By 2050, greenhouse gas emissions from transport are to be reduced by 90% compared with 1990. On July 11, 2023, the European Commission presented a comprehensive package of measures for further greening within European transport. With a direct relevance for rail, it contains proposals for more efficient capacity and traffic management in cross-border rail transport, a revision of the directive on maximum permitted dimensions and weights for road freight traffic and a proposal for a uniform calculation of greenhouse gas emissions from transport. A proposal to revise the Combined Transport Directive is closely linked to the package and is expected to follow at the end of July 2023. The legislative proposals of the European Commission will be discussed in the Council and the European Parliament starting September 2023. Given the upcoming institutional changes in 2024 (European elections in June 2024 and the appointment of the new Commission in November 2024), it is expected that the legislative procedure will not be completed during the current EU legislative period. Completion is expected in 2025. Each initiative is outlined below.

Proposal for a regulation on better coordination and management of international rail transport

The aim of the proposed regulation is to improve market-oriented capacity allocation and operational management in cross-border European rail transport, including crisis and performance management. To this end, the European Commission is proposing changes such as the fundamental restructuring of the governance of the currently applicable rail freight corridor regulation and the establishment of a European network of infrastructure operators. Even if capacity management is to remain the responsibility of infrastructure operators, the draft regulation contains numerous and fundamental changes to the so-called Recast Directive: the sector project Timetabling Redesign for Smart Capacity Management is, among other things, to be incorporated through specifications on the products offered on the market and embedded in a European Framework for Capacity Management. The multi-network capacity approach defines the framework for ordering cross-border train-paths. Digital tools (digital capacity management) should support the new processes. With its proposal, the European Commission wants to send a clear signal in favor of greater internationalization of rail transport and greater involvement of train operating companies – delegated acts will be announced on a wide range of important issues (including strategic capacity planning). Details on this are still undecided.

Revision of the Weights and Dimensions Directive for road freight transport

The European Commission's initiative to revise the directive has four objectives:

- greening of road freight transport,
- ensuring the free movement of goods and fair conditions for competition in the Single European Market,
- improving compliance with cross-border traffic regulations, and
- ensuring and improving road safety.

The revised proposal for a directive focuses on the possibility of non-limited, cross-border use of longer and heavy-duty commercial vehicles based on the European Modular System (EMS), provided they are already registered in the member states. In order to promote zero-emissions vehicles, the dimensions and weights should be allowed to vary – in combined transport by up to 2 t. The Commission's objective is to phase out the use of heavy-duty commercial vehicles powered by fossil fuels by 2035. In order to strengthen intermodal transport, an increase in the maximum permitted weight will also apply to trucks, trailers and semitrailers. Therefore, based on the Combined Transport Directive, the definitions will be adapted accordingly. In addition, high-cube container transports (height extension by 30 cm) will be allowed. The Commission is following its announcements to allow EMS in cross-border transport. This is a paradigm shift. After all, that the cross-border use of EMS should be subject to conditions is welcome. This must not adversely affect rail transport. It remains to be seen whether the extension of privileges leads to a strengthening of intermodal transport operations.

EUROPEAN TICKETING: LEGISLATIVE PROPOSAL FOR MULTIMODAL DIGITAL MOBILITY SERVICES

The European Commission has announced a legislative proposal on Multimodal Digital Mobility Services (MDMS) for September/October 2023, which, for the first time, not only covers data-related aspects of sales (for example relaying of real-time and forecast data) but will also address purely commercial issues. The Commission aims to improve access to existing sales channels and real-time data. In addition, journey continuation in the event of disruptions will be improved.

Currently, DB Group is focusing its international sales even more on Europe based on the Ticketing Roadmap enacted by the Community of European Railway and Infrastructure Companies (CER) in September 2021. At the heart of the roadmap is the achievement of key rail milestones by 2025 and expansion to multimodal applications by 2030. One of the central building blocks is the Europe-wide implementation of OSDMs (Open Sales and Distribution Models), a common technical interface for connecting the rail and sales sector ticketing systems in Europe.

Infrastructure

REVISION OF THE REGULATION ON EU GUIDELINES FOR THE EXPANSION OF THE TRANS-EUROPEAN TRANSPORT NETWORK

On December 14, 2021, the European Commission submitted a proposal to revise the Trans-European Transport Network (TEN-T) guidelines. The objective is to set the course for faster completion of the multimodal TEN-T core network in particular by 2030, and the TEN-T comprehensive network by 2050.

The extended TEN-T core network (2022 Integrated Report 48f.) will see two new technical infrastructure parameters implemented by 2040. Under the Czech presidency, the "general approach" was adopted at the beginning of December 2022. The new network design proposed by the Commission, with the target horizons of 2030/2040/2050, is essentially confirmed. At the same time, the compromise also sets out less stringent requirements when implementing the TEN-T infrastructure parameters compared with the Commission's draft. In April 2023, the Transport Committee voted on the draft report. The mandate for the opening of the trilogues was granted at the same time. The compromise negotiations have been ongoing since April 2023. The dossier is expected to be completed during the Belgian EU presidency in the first half of 2024. With the war in Ukraine still ongoing, the European Commission approved a delegated act on July 27, 2022, to modify the TEN-T regulation proposed on December 14, 2021. This provides for changes to the width of the track (focus on new infrastructure, exceptions possible after cost-benefit analyses) to 1,435 mm and submission of a migration plan within two years, the deletion of Russia/Belarus from the indicative TEN-T maps, the downgrading of connections to Russia/Belarus (core network to the overall network) and an extension of four TEN-T corridors (North-Baltic Sea, Baltic-Black-Aegean Sea, Baltic-Adriatic Sea and Rhine-Danube) in conjunction with solidarity lanes.

On July 11, 2023, the European Commission and the European Investment Bank published a study on the European integration of rail systems in Ukraine and Moldova. As a first step toward improving connections between Poland and Ukraine and between Romania and Moldova, the European track gauge should be introduced on the lines to Lviv and Chişinău.

Legal topics

Important legal topics are presented in the 2022 Integrated Report 50f.; significant developments occurred in relation to the following legal issues in the first half of 2023.

PROCEEDINGS REGARDING ADDITIONAL FINANCING CONTRIBUTIONS FOR STUTTGART 21

At the end of 2016, in order to avoid risks under the statute of limitations, we initiated proceedings in the Stuttgart Administrative Court against the project partners seeking additional financing contributions on the basis of what is known as the "negotiation clause." The first oral hearing took place on May 8, 2023, which consisted mainly of procedural matters. The date for the continuation of oral proceedings was set for August 1, 2023. On this continuation date, the court wants to hear the factual and legal position, in particular regarding the contractual adjustment claim asserted by DB Group. The outcome of the proceedings remains undetermined.

CIVIL PROCEEDINGS ON INFRASTRUCTURE UTILIZATION FEES

A large number of disputes relating to train-path usage and station fees are still pending in the civil courts. This concerns the question of whether, and according to which standards, the civil courts may subject the regulated fees to a further civil court assessment. According to a ruling by the German Federal Supreme Court (BGH) in 2011, rail infrastructure utilization fees charged before the Railway Regulation Act (ERegG) entered into force could be reviewed by civil courts for fairness based on Section 315 of the German Civil Code (BGB), even if they were valid under regulatory law. The European Court of Justice (ECJ) ruled in 2017 that a review of the fairness of infrastructure fees by civil courts pursuant to Section 315 BGB is incompatible with European railway law. However, the BGH continued to stipulate an antitrust law review by the civil courts. On February 8, 2022, the BGH issued final rulings for the first time, requiring DB Netz AG to repay regional factor fees. On October 27, 2022, the ECJ issued a preliminary ruling that the antitrust law applicability to rail infrastructure fees by the civil courts was affirmed in principle, but this was linked to the condition that the regulatory authority will be consulted first and the civil courts must uphold their decision (ECJ, C-721/20 – DB Station & Service).

With reference to the ECJ ruling, the German Federal Network Agency (BNetzA) has initiated a review of the old fees in dispute. In addition, DB Netz AG is awaiting another preliminary ruling from the ECJ regarding the extent of the BNetzA's retrospective review powers (C-582/22). It is not yet clear how the proceedings will develop.

ANTITRUST TOPICS

Antitrust proceedings initiated by the Federal Cartel Office regarding online sales and distribution

In an administrative procedure by the Federal Cartel Office (BKartA) against DB AG first initiated in 2019, the BKartA issued a prohibition order against DB AG on June 26, 2023, which was served on DB AG on June 28, 2023. The BKartA came to the conclusion that the structure of DB AG's relationship with online sales service providers who distribute their tickets for DB AG as a commercial representative is prohibited in certain respects. The proceedings concern new legal issues relating to online sales and distribution, for which there is currently no established case law or administrative practice. The order requires DB AG to make changes to its sales system on short notice. No fine was imposed. DB AG considers the decision unlawful and has appealed it.

STRATEGY

Implementation of the Strong Rail strategy

There were no changes to our Strong Rail strategy (2022 Integrated Report 51 ff.) in the first half of 2023.

PRODUCT QUALITY AND DIGITALIZATION

Punctuality

PUNCTUALITY / %	H1 2023	2022	H1 2022
DB Group (rail) in Germany	91.7	90.9	92.3
DB rail passenger transport in Germany	91.8	91.0	92.5
DB Long-Distance	68.7	65.2	69.6
DB Regional	92.4	91.8	93.1
DB Cargo (Germany)	71.2	66.1	67.0
DB Arriva (rail: United Kingdom, Denmark, Sweden, the Netherlands, Poland and the Czech Republic) [1]	90.8	90.2	92.4
DB Regional (bus)	85.9	86.0	86.5
DB Cargo	70.5	66.3	66.9

To measure punctuality, we continually compare the target arrival time for every train/bus run to the actual arrival time. We summarize the arrival of trains/buses on schedule or up to a defined maximum delay using a degree of punctuality.
[1] From July 2022, excluding activities sold in Sweden (2022 Integrated Report 160).

The punctuality in rail transport in Germany has reduced compared with the first half of 2022. The main reasons for this development are the following medium- and long-term structural effects:

- **Poor condition of railroad facilities:** There has been an increasing number of superstructure issues and speed restriction sections. The nationwide assessment and the replacement of defective concrete ties 44 have remained a key issue in this regard.
- **Intensive construction activities:** Construction measures in the core network and a high volume of short-term construction and maintenance requirements with the simultaneous tight infrastructure capacity had an evident negative impact on punctuality.
- **High network utilization:** Highly utilized rail tracks and overloading of the major transport hubs on account of high and, in some cases, increased traffic volumes.
- **Unstable scheduling processes:** High demand on scheduling regulations and a significant increase in construction and maintenance measures that were not announced in a timely manner have had a negative impact on the quality of scheduling.

The build-up of all the individual effects has exacerbated the negative impact on punctuality and reduced the performance capability of the system as well as operating quality. By contrast, the decline in delays due to external events – especially on account of adverse weather – has had a positive effect, as have influences from third parties. To counteract the generally negative development, the planned and additional measures (including the digital production system and the introduction of the maintenance container) were implemented during the business year and a consistent cross-sectoral control of measures was established.

OVERARCHING PROCESSES FOR IMPROVED PUNCTUALITY AND QUALITY IN RAIL OPERATIONS

The overarching process "Provisioning and running trains" brings all the train operating companies and rail infrastructure companies together under the heading of "PlanFahrt" (scheduled journeys). This initially applies to rail passenger transport. In the future, rail freight transport will also be integrated.

- **Focus:** The overarching process begins exactly where it is needed the most, namely with the concentration on the six bottleneck areas (hubs and corridors) that are the most relevant for operational stability and punctuality across the overall rail system. For this purpose, the first half of 2023 saw the development of a powerful overarching organization and the establishment of consistent coordination processes for all parties at regional and national level. The committees created will enable fast decision-making pathways and sustainable controlling of measures.
- **Target:** The target of the overarching processes is to continuously improve the orderliness of any disruptions (percentage of trains leaving a defined bottleneck with a delay of less than 60 seconds) in the defined bottleneck areas. This is achieved by assessing provision, departure, train run and stops in an integrated manner and considering all the interdependencies of the operation when this is being managed. This process enables findings from the entire production process to be included. With the developed performance management, process obstacles can be detected by means of the transparent portrayal of defined key figures, topics can be discussed in a comprehensive fashion and effective countermeasures developed and established. The cooperation with all train operating companies and rail infrastructure companies in rail passenger transport is the key lever for a structural and sustained improvement in quality and the tackling of operational disruptions. This involvement of all companies has already been piloted in two regions since summer 2022 in the previous overarching process "Provide trains" and has been in the nationwide rollout for the merged

overarching process "Provide and run trains" since April 2023. It is particularly important at present to make the best possible use of the existing infrastructure during the modernization of the rail infrastructure. DB Netze Track has overall responsibility for the overarching process.

DIGITAL PRODUCTION NETWORK

A comprehensively digital railway – this is the task of the Digital Production Network (DPV). The long-term goal is to ensure the completeness and suitability of activities relating to digital transformation in rail operations. The overarching portfolio of the DPV works across three levels of action: first-aid measures for quickly remedying operative inefficiencies, generation of digital platforms for an optimized digital system, and gradual further development of the target vision "ONE digital railway" for a mutual control and cooperation model. Alongside the long-term effects, the focus of the DPV is also to achieve a fast and evident impact for customers. To this end, the DPV includes around 60 short-term digitalization measures that will have a positive influence on punctuality. All the planned measures are already being implemented and should be concluded by the end of 2023. The focus is on the implementation of overarching synergy potentials where these are the most practical and feasible. Accordingly, the DPV combines two measures that concern scheduling recommendations by means of artificial intelligence (AI), where the requirements of train operating companies and rail infrastructure companies are taken into consideration. On the one hand, the automatic scheduling assistance program ADA-PMB for the rail infrastructure company perspectives, which works in a non-discriminatory way focusing on the valid scheduling guideline, and, on the other hand, the use of AI in the scheduling with train operating company recommendations. With the support of the DPV, following successful pilot phases, these measures can be further rolled out across the entire network. This makes it easier to decide which train should be where and when, and improves punctuality. A further relevant measure is the buffer and reservation system from DB Cargo. This system enables improved capacity management by means of IT optimization and helps to control transport orders in a more targeted manner, thereby increasing planning efficiency, and helps to cushion temporary capacity bottlenecks. It also makes it easier for dispatchers to stick to transport schedules.

REMOVING SPEED RESTRICTIONS SECTION

Track infrastructure has already been, and will continue to be, encumbered by increases in traffic volume. Today, it is not possible to adequately cope with the traffic due to partially outdated railroad facilities. The high amount of restrictions play a particularly key role here, too. Dealing with these requires numerous short-term construction and maintenance activities to be carried out. This results in a challenging operating situation that has a negative impact on punctuality.

Following the accident in Burgrain in June 2022, an extensive inspection and replacement program was initiated for concrete ties 44. These activities are currently being extended as part of an overarching program to reduce restrictions. The objectives are to:

- Deal with existing restrictions as quickly as possible and safeguard the required resources.
- Consistently establish measures for impending restrictions in order to avoid these before they occur. A key focus here is to replace damaged ties.

Alongside the general modernization of highly utilized corridors, with these measures we are also working on improving the stability of the existing network.

ROBUST VEHICLES

In order to stabilize punctuality, DB Long-Distance intensified maintenance in the first quarter of 2023, among other areas, so as to improve the availability of vehicles. In the area of "access door" vehicle components, the number of technical lost units (punctuality-relevant disruptions) was significantly reduced in the first half of 2023. Particularly with ICE 4 (series 412), thanks to a sustained optimization of the maintenance, a considerable reduction in the number of defects was achieved compared with the same period in the previous year. Moreover, the buffer times in the train staff shifts were increased so as to avoid the risk of a late changeover of staff and subsequent delays. To further curb the spillover effects of late employees, train employees were increasingly scheduled only on individual corridors and axes. Two specific measures were implemented to improve the adherence to stop times (and consequently also punctuality):

- The expansion and consolidation of passenger control staff, who can speed up the movement of passengers at the stops; and
- The more intensive use of early train dispatches, which allow trains to depart as early as possible after a stop in order to improve the use of the network infrastructure.

Digitalization

DIGITAL RAIL FOR GERMANY

Digitalization, automation and artificial intelligence are the key to greater capacity and an optimal utilization of the rail network. The vision of Digital Rail for Germany (Digitale Schiene Deutschland; DSD) comprises a digital, highly automated railway system. Digital interlockings (DSTW), the European Train Control System (ETCS) and Automatic Train Operation (ATO) come together to form the basis of this vision.

The implementation of the DSD initiative started in 2020. As part of the launch package, the concrete planning and installation of ETCS and digital interlockings has begun in the context of the Stuttgart Digital Hub (Digitaler Knoten Stuttgart; DKS), the Cologne—Rhine/Main high-speed line and the ability to traverse the Trans-European Scandinavia—Mediterranean corridor (ScanMed). Stuttgart will be the first region in Germany to receive the digital train control and interlocking technology. However, equipping the track infrastructure alone is not enough. In order to support the corresponding refitting of vehicles, the BMDV has published a vehicle funding directive for the affected vehicles in the DKS, meaning that the vehicle equipment (regional transport and S-Bahn (metro) multiple units) could begin in 2022. A total of 333 vehicles have been retrofitted for ETCS and ATO.

In the first half-year of 2023, the development project Sensors4Rail (S4R) was successfully completed. The follow-up project Automated Train will replace S4R: within the next three years, for the first time we will see fully automated, driverless provision and stabling runs, which will result in a more flexible use of trains in the railway system of the future. The project will include the fully automated assembly and dismantling of the train. Moreover, sensor-based obstacle detection will be used to demonstrate an intervention in the vehicle control, i.e. by using intelligent software combined with sensors at the front of the train, it will be able to recognize the environment and respond (brake independently if obstacles are detected. The Federal Ministry of Economics and Climate Protection is sponsoring the project with € 42.6 million.

The roll-out schedule is currently being further developed taking into consideration clearly defined equipment priorities. An early increase in capacity is to be realized by prioritizing the equipping of associated transport corridors, with obsolescence and operational concerns to be taken into account and the equipping of the basic infrastructure being started in advance. Observing the general modernization of the high-performance network is also included in the DSD roll-out plan. The digitalization of the rail network on the high-performance corridors is therefore being carried out at pace.

DSD is a major lever for advances in Germany's transition to more sustainable mobility. In the middle of July, the respective ETCS equipment strategy up to 2028 was published on the DB Netz AG Web site under the Network Statement 2023. The published content provides details about the planned equipping of the lines with ETCS, ATO and the Future Railway Mobile Communication System (FRMCS). Simultaneously, the class-B systems intermittent automatic train control and the linear train control for DB Netz AG lines will be decommissioned by December 2028. The published route-specific commissioning and decommissioning data is based on the provision that the necessary means of financing are provided in the Federal budget.

DIGITAL TRANSFORMATION

Digitalization is a success factor for the transformation towards a robust, efficient, state-of-the-art railway for our customers. For more quality and performance, we need a networked interaction in a digital overall system. Our vision is to create a digital railway. This means using integrated and all-embracing digitalization to bring about a networked overall system.

In order to ensure the completeness and suitability of activities relating to digital transformation in rail operations, the Digital Production Network (DPV) 13 project unit was created in October 2022. In 2023, we are aiming to further build on the successes of the DPV and expand the portfolio of measures. Some projects that are already contributing toward a lasting increase in capacity, quality and efficiency are:

- **Artificial intelligence in scheduling:** For the Stuttgart, Rhine-Main and Munich S-Bahn (metro) trains, AI is already used to support the dispatchers in controlling traffic as efficiently as possible in the event of a disruption. In 2023 the scope of functionalities shall be further developed and the technologies rolled out to include more S-Bahn (metro) trains as well as mixed traffic networks.

– **Automatic over-run measurement systems for maintenance:** By using an automated over-run measurement system for maintenance, all wheel sets are measured automatically as they drive into the workshops. By the end of 2023, the number of automated over-run measurement systems will increase to 15 systems. All DB Long-Distance depots and almost all S-Bahn (metro) trains at DB Regional will then have this state-of-the-art system, which significantly reduces manual labor and working hours.

With initiatives such as digital maintenance and the use of AI in the railway system, we are mutually forging ahead with the digitalization of the railway and joining forces in the use of new technologies to achieve a sustainable increase in capacity, quality and efficiency. Digitalization also counteracts impending shortage of skilled workers: alongside the loss of manual activities due to the automation of processes, intelligent planning and control of the use of employees and assets can be provided in a more efficient manner, and staff productivity can be increased with the support of digital assistance systems.

An example of this is the AI-based material identification for maintenance. The high heterogeneity in the vehicle fleet leads to time-consuming and in some cases incorrect identification in the maintenance plants. The unique identification number of the materials is essential for reliable maintenance. Together in the Integrated Rail System, an AI-based application has been developed that supports our employees by automatically detecting materials to facilitate their identification. The digital assistant helps employees to search for and identify materials so that more time can be spent carrying out the actual maintenance tasks. The application is currently being rolled out in the DB Cargo, DB Regional, DB Netze Track and DB Vehicle Maintenance business units, where around 12,000 employees will be using the application by the end of 2023.

ARTIFICIAL INTELLIGENCE IN RAIL OPERATIONS

DB Group is expanding the use of AI for the scheduling of trains. Rail operations are to become more punctual thanks to a tool developed in-house. The program supports dispatchers in efficiently controlling traffic and avoiding delays. The tool is already being used for the Stuttgart, Rhine-Main and Munich S-Bahn (metro) trains. In 2022, a total of 58,000 minutes of delays were avoided in these areas. The AI will be introduced on the Berlin S-Bahn (metro) trains in the second half of 2023. We expect the system to help us avoid approximately 90,000 minutes of delays across Germany in 2023. 2024 the tool is also to be used in the Hamburg S-Bahn (metro) trains network. This means that in future all five of Germany's S-Bahn (metro) train lines will be supported by AI.

The tool is currently also being tested on the line between Elmshorn and Sylt. In this section, the AI is operating for the first time outside the closed S-Bahn (metro) train system and must therefore handle mixed traffic networks, namely cargo, local and long-distance transport trains. If these tests run successfully, the next step will see the system used on the highly utilized line between Mannheim and Basel.

DB Cargo launches a nationwide diagnostic service for freight cars using AI software. High-resolution images from 13 camera bridges at eight DB Cargo locations provide information on damage and load securing on freight trains. This allows irregularities to be rectified at an early stage and more freight cars to be put into service.

Safety

SECURITY ON TRAINS AND IN STATIONS

Every major station in Germany will be equipped with modern video technology by the end of 2024. This corresponds to around 11,000 video cameras. More than 500 new cameras were installed at five stations in the first half-year of 2023. These cameras supplement the technical equipment and also provide more high-resolution images as well as an advance in the level of quality. The live images of the cameras are used by DB Group employees to schedule in stations and to protect our rights as the owner of the premises. Only the Federal police will have access to the recordings from the cameras. Therefore, video technology is taking on an increasingly prominent role in providing information about criminal acts and identifying perpetrators. The number of video cameras in local transport and S-Bahn (metro) trains has also been significantly increased. With more than 50,000 video cameras, around 70% of the vehicles have been fitted with video recording equipment, which is a considerable increase of almost 5,000 cameras since the end of 2022.

PRACTICAL TEST OF COMPONENTS TO INCREASE TECHNICAL SAFETY

"More security for users of the railway system." This was the task assigned in 2019 to the Technical Safety Working Group in which representatives of the German Federal Ministry of the Interior and Community and the German Federal Ministry of Digital and Transport, as well as DB AG and the Federal police, have, since 2019, drawn up structural, staff and organizational measures that, with scientific guidance, have been tested for feasibility. In the meantime, under the "Train station safety" project, trials such as illuminated platform edges and an app for calling for help have been tested by customers within a station.

SECURITY PERSONNEL: GREATER PRESENCE AND MORE STAFF FOR THE INFRASTRUCTURE

The DB Group security concept provides for a continuous increase in the presence of our own security personnel. The first of up to 500 additional security personnel will, above all, provide greater protection to the rail infrastructure from 2023.

MORE STAFF FOR PREVENTION WORK

The six nationwide prevention teams carried out more than 180 prevention deployments in the first half-year of 2023. The prevention teams are deployed at stations, railway crossings and freight yards if, for example, unauthorized track crossings increase. They also visit schools and youth organizations, raising awareness about the risks at railroad facilities and give children and young people information about measures for safe travel. In close cooperation with the prevention staff of the Federal police, the prevention experts of DB Group work on local prevention projects and in nationwide campaigns. To be even more present in prevention work in the future, the number of prevention experts has been doubled from 12 to 24.

24/7 THREAT MANAGEMENT

In the first half of 2023, our threat management (2022 Integrated Report 67) provided support to affected persons and reporters in around 30 cases. The number of those affected who needed longer-term support remained roughly constant. However, the number of contacts in which problem situations were resolved in single conversations, increased. Support ranges from initial anonymous empathetic dialog to the provision of qualified psychological or medical assistance.

SAFE TRAVEL BUILDING BLOCK

The new Corporate Security Platform (CSP) is central for improving the safety of our employees. Since January 2023, the CSP at DB Netze Track and DB Cargo has enabled the simple and fast detection of safety incidents. A timely identification of hotspots and critical locations can thus take place. Since July 2023, the new system has been used by safety staff at DB Security and by rail employees at DB Regional and DB Long-Distance, as well as by service employees at DB Netze Stations.

A further component will be the Prio-Ruf (emergency service/call for assistance) app. The IT tool lets employees call for assistance at the push of a button if they are in a threatening situation. We are thus increasing the feeling of safety by contact with the deployment control team, with the aim of providing faster help with the intervention of our safety staff and the involvement of the Federal police. The first half-year of 2023 saw the start of concept preparations for a pilot scheme at DB Regional. The pilot will be launched in the second half-year of 2023 with around 100 customer care representatives on local transport of DB Regional in the central region.

Further progress has also been made by DB Group in dialog with policymakers and contracting organizations. The aim is to create uniform industry-wide safety standards for trains and stations and to anchor them in a uniform and binding manner in the tenders for transport contracts, irrespective of the competition for the actual volume sold.

GREEN TRANSFORMATION

We are ensuring our sustainable environmental alignment for DB Group with the Green Transformation. For this reason, it is also anchored in our Strong Rail strategy. This is why we are continuously making all of our products, services and the way we work greener. In order to promote the Green Transformation, we are working on the four environmental areas of action we have defined: climate protection, nature conservation, resource conservation and noise reduction.

At the beginning of June 2023, our start-up hub DB Mindbox launched a GreenTech Program to which start-ups can apply with their ideas and solutions in the areas of sustainable materials, climate, environmentally sustainable and circular design, and other sustainable solutions. In addition to financial support, innovative solutions can be tested directly.

Climate protection

We want to be climate-neutral by 2040 (2022 Integrated Report 70). For this we will:

- Be powering our depots, office buildings and stations in Germany with 100 % eco-power from 2025.
- Plan to increase the share of renewable energies in the DB traction current mix in Germany to 80 % by 2030.
- Have more than halved specific greenhouse gas emissions (i.e. emissions in relation to performance figures such as volume sold) compared to 2006.
- Operate DB rail transport in Germany entirely with eco-power by 2038 at the latest.

At the beginning of March 2023, together with ENERPARC, we commissioned the solar park in Wasbek green No. 30, with an output of 41 megawatts peak (MWp). For the first time, we are feeding eco-power directly into the German traction current grid. In future, up to 18,000 t CO_2e can be saved per year compared to when using electricity from fossil energy sources. However, we do not only want to continuously expand eco-power, but also use it as efficiently as possible. That is why we are relying on brake energy recovery green No. 19 in our new trains. We are also training and supporting our drivers in energy-saving driving green No. 08. The continuous roll-out of driver assistance systems and the use of longer trains at DB Cargo are helping us to further reduce energy consumption and increase energy efficiency. We are also emitting fewer greenhouse gases thanks to much younger train fleets in long-distance, regional and freight transport. As we move toward a climate-neutral DB Group, we no longer want to use fossil fuels. Already, more than 90 % of our rail passenger and freight transport in Germany (based on weight-related ton kilometers; Ltkm) is provided electrically. We are also taking an approach that is open to all technologies, including the use of alternative drives and fuels. We are investing in green technologies, such as the scaled use of the biofuel HVO green No. 164 (hydrogenated vegetable oil), which is produced from biomass-based residues and waste materials. Depending on the composition of the raw material, around 85 % to 90 % less greenhouse gas emissions are generated compared to conventional diesel. Since April 2023, for example, the conversion of the gas station at the Munich North marshaling yard to HVO has saved around 9,000 t CO_2e per year. In addition, we will make the heat supply green No. 97 greener by gradually replacing systems operated with fossil energy sources with climate-neutral alternatives after the end of their life cycle.

The digitalization 14 f. of rail and trains and capital expenditure on the infrastructure 45 are also having a positive impact on our climate footprint and our contribution to climate protection. For example, we are currently developing a data-driven recommender, a software-based recommendation service that is used to assess construction measures based on utilization and to identify optimal diversions. The goal is to identify optimal diversion routes for sections of the line affected by construction, thereby saving energy and ultimately CO_2e. By the end of June 2023, we successfully developed a prototype that is now being used and further developed in two regions.

Further information on specific environmental measures can be found in the chapter Development of business units 31 ff.

CLIMATE RESILIENCE

As an operator of critical infrastructure and as a land-use organization, we are particularly impacted by the effects of climate change on our core business, the railway in Germany. That is why we are intensifying our efforts in the Integrated Rail System – among other things, this will allow us to prepare railway technology for the increasing weather extremes caused by climate change. To do this, we are using resources such as the scientific data from the studies we commissioned with the Potsdam Institute for Climate Impact Research (PIK) to strategically refine our climate resilience management and, above all, to prepare our infrastructure, vehicles and stations to an even greater extent so that they can withstand the impact of climate change more effectively.

Nature conservation

More rail transport also means that infrastructure needs to be further developed. This means it is not always possible to avoid intervening with nature. For us, nature conservation and the protection of biodiversity is an important commitment, which we take into account from planning through to construction and operation of our facilities. In our activities, for example, in the construction and expansion of the track infrastructure – wherever an intervention cannot be avoided – adequate compensation areas are created to ensure we fulfill all of our legal obligations under nature conservation laws. As part of the planned Frankfurt—Mannheim new construction line, we are compensating for areas that will be used in future construction measures. For this purpose, we are converting the pine forest near Pfungstadt green No. 65 into a climate-stable mixed forest with the help of plant nests. To this end, the Hessen Ecoagency will plant more than 100,000 new trees and shrubs over an area of around 250 hectares on our behalf by 2030. As of May 2023, more than 26,000 deciduous trees have already been planted. In rail transport, too, we set ourselves ambitious targets on protecting biodiversity and in our vegetation control efforts. For example, we use combined optical and acoustic game warning devices at regional agglomeration points, which significantly reduce wildlife accidents.

DISCONTINUING GLYPHOSATE USE

Safe railway operations as well as climate and environmental protection are our highest priorities. A crucial step in this direction was to discontinue the use of glyphosate in Germany: as of 2023, we no longer use glyphosate and now operate a glyphosate-free rail transport in Germany. In doing so, DB Group has consistently implemented the discontinuation it announced in 2019. Instead, we rely on comprehensive sustainable vegetation management green No. 116, which provides for a coordinated interaction of various measures. We are also in close discussions with other European railways. The measures include digital vegetation control, the use of mechanical-manual methods, such as a further technological advancement of mowers, and the use of pelargonic acid. The approval of the latter was granted in February 2023 by Germany's Federal Office for Consumer Protection and Food Safety in close coordination with the Federal Ministry for Food and Agriculture and the Federal Ministry for Digital Affairs and Transport.

Resource conservation

Track infrastructure is very resource-intensive. For us, this means using raw materials carefully, keeping them in the value chain for as long as possible and recycling our waste whenever possible. We aim to achieve a complete circular economy across DB Group by 2040, with a particular focus on the Integrated Rail System. We are concentrating especially on the increased use of recycled materials and renewable raw materials. Our procured products should also have maximum recyclability. To this end, by 2030, we will significantly increase the recycling percentage of the products we procure compared to 2019. We set targets for our central resources (track ballast, concrete ties and rail steel), which represent around 80% of the total material used in the Integrated Rail System: by 2030, we want to achieve a recycling percentage of 45% for rail steel, 40% for track ballast green No. 51 and 30% for concrete ties green No. 73. In addition, we will maintain our recycling rate for all waste at a high level of at least 95%. Another important contribution is 3D printing green No. 149 on three levels: we avoid superfluous stock; only the material that is actually needed is used in production; and we extend the life cycle of the vehicles by printing components that are no longer available from the manufacturer.

Noise reduction

NOISE REDUCTION TARGET

Further reducing the impacts of rail transport noise on local residents is an essential prerequisite for the further shift in the mode of transport toward rail. This is why we are continuing to work on implementing our 2030/2050 noise reduction target:

- By 2030, as part of the continuation of the noise remediation program of the Federal Government, we will reduce rail transport noise on a total of 3,250 km of existing lines, helping to relieve the burden on around 800,000 people and therefore half of the residents living near noisy rail transport lines.
- By 2050, we will have completely remedied the noise pollution caused by rail transport on the total of around 6,500 km of existing lines, thus helping 1.6 million people in affected areas.
- By the end of May 2023, we put on-site noise remediation measures in place on a total of 2,210 km of track.

Using about € 41 million from the Federal Government's budgetary funds, about 15 km of noise barriers green No. 25 were built in the first half of 2023 as part of the federal program, and more than 800 apartments were fitted with passive soundproofing measures green No. 101.

EMPLOYEES

Employee numbers and structure

EMPLOYEES BY BUSINESS UNITS	Full-time employees (FTE) [1]					Natural persons (NP)				
	Jun 30, 2023	Jun 30, 2022	absolute	%	Dec 31, 2022	Jun 30, 2023	Jun 30, 2022	absolute	%	Dec 31, 2022
DB Long-Distance Transport	20,501	18,852	+1,649	+8.7	19,139	21,658	19,928	+1,730	+8.7	20,206
DB Regional	38,414	37,594	+820	+2.2	37,738	40,629	39,701	+928	+2.3	39,862
DB Cargo	31,578	30,931	+647	+2.1	31,167	32,150	31,557	+593	+1.9	31,755
DB Netze Track	54,316	51,976	+2,340	+4.5	52,510	56,085	53,510	+2,575	+4.8	54,118
DB Netze Stations	7,316	6,992	+324	+4.6	6,997	7,742	7,351	+391	+5.3	7,381
DB Netze Energy	1,958	1,905	+53	+2.8	1,943	2,043	1,985	+58	+2.9	2,024
Other	60,447	58,975	+1,472	+2.5	59,992	63,176	61,669	+1,507	+2.4	62,740
Integrated Rail System	**214,530**	**207,225**	**+7,305**	**+3.5**	**209,486**	**223,483**	**215,701**	**+7,782**	**+3.6**	**218,086**
DB Arriva	34,618	41,877	-7,259	-17.3	38,059	36,243	44,859	-8,616	-19.2	39,912
DB Schenker	75,424	75,424	-	-	76,591	77,880	78,061	-181	-0.2	78,886
DB Group	**324,572**	**324,526**	**+46**	**-**	**324,136**	**337,606**	**338,621**	**-1,015**	**-0.3**	**336,884**
± Changes in the scope of consolidation	-2,365	-5,278	+2,913	-55.2	-3,376	-2,365	-5,808	+3,443	-59.3	-3,714
DB Group - comparable	**322,207**	**319,248**	**+2,959**	**+0.9**	**320,760**	**335,241**	**332,813**	**+2,428**	**+0.7**	**333,170**

[1] To guarantee better comparability, the number of employees is converted into full-time employees (FTE). Figures for part-time employees are measured in accordance with their share of the regular annual working time.

In total, the number of employees remained at a stable level.

- The development in the Integrated Rail System is mainly attributable to the increase in the number of employees at DB Netze Track, primarily in the areas of project management, maintenance and operations.
- The increase in the number of employees at DB Long-Distance Transport resulted from the partial transfer of operations of DB Sales 34 and the expansion of the operations employee groups.
- At DB Regional, the increase is mainly due to the integration of ioki 36 and increased volume in bus transport.
- In the Subsidiaries/Other division, the growth was due to an increase in order volume, in particular at DB Vehicle Maintenance and DB E.C.O. At DB Systel, the increase was due to the expansion of innovative topics and the increased vertical integration of production.

The development at DB Arriva is in the opposite direction. This resulted from sales of activities in non-core countries 57. Accordingly, the share of employees in Germany rose slightly to around 67% as of June 30, 2023 (as of June 30, 2022: around 65%).

EMPLOYEES BY REGIONS / FTE	Jun 30, 2023	Jun 30, 2022	Change absolute	Change %	Dec 31, 2022
Germany	216,737	211,330	+5,407	+2.6	212,188
Europe (excluding Germany)	75,281	83,137	-7,856	-9.4	78,908
Asia/Pacific	17,585	17,217	+368	+2.1	18,006
North America	11,201	9,267	+1,934	+20.9	11,299
Rest of world	3,768	3,575	+193	+5.4	3,735
DB Group	**324,572**	**324,526**	**+46**	**-**	**324,136**

EMPLOYEES BY REGIONS / NP	Jun 30, 2023	Jun 30, 2022	Change absolute	Change %	Dec 31, 2022
Germany	226,258	220,520	+5,738	+2.6	221,343
Europe (excluding Germany)	78,449	87,804	-9,355	-10.7	82,220
Asia/Pacific	17,622	17,248	+374	+2.2	18,055
North America	11,362	9,425	+1,937	+20.6	11,523
Rest of world	3,915	3,624	+291	+8.0	3,743
DB Group	**337,606**	**338,621**	**-1,015**	**-0.3**	**336,884**

Talent acquisition

RECRUITMENT MEASURES

- In 2023, more than 25,000 new hires are planned in Germany. In the operational area in particular, the aim is to increase operational quality, implement the general modernization of the infrastructure and to enable a doubling of passenger numbers in the long term.

- The new DB Group employer branding campaign started in January 2023. DB Group's slogan "What is important to you?" ("Was ist dir wichtig?") directly addresses the needs of potential applicants. In the campaign, DB employees demonstrate what is important to them in their work and life, from reconciling family and leadership to a safe workplace and shaping the green mobility revolution.
- DB Group is also significantly expanding the recruitment of young talents in schools. As of September 1, 2023, we welcome the record number of 5,555 new vocational trainees and dual-degree students in DB Group. In addition, we are focusing more than before on reaching new apprentices and dual students already in the classroom within the framework of school partnerships. The aim is to massively expand the number of school partnerships by 2024 in order to maintain a close exchange with over 500 schools, both nationwide and in rural areas in particular. In the future, around 2,000 school internships and work-experience days will also be offered each year, including in workshops and at interlocking sites.

Qualification

Knowledge transfer in the metaverse: in May, the Bahn360 project for the digital transfer of railway knowledge won the public prize in the international Webby Awards category "Metaverse, Immersive & Virtual, Science & Education." In doing so, DB Group came ahead of numerous well-known international companies specializing in immersive technologies. With Bahn360, employees and interested persons can inform themselves about the complex railway system in numerous interactive 360-degree scenes and interact virtually with real railway employees, from construction sites right through to drivers' cabins.

Work of the future

The Week of New Work has become an important internal showcase of ideas and networking for the topic of New Work and Future of Work, cooperation, customer orientation, leadership, purpose, digitalization and sustainability. In the first half-year of 2023, employees were also very interested in the more than 60 presentations, panel discussions and workshops.

Diversity

Women in leadership initiative: on the way to the milestone of 30% female executives by the end of 2024, DB Group is developing a range of concepts and offers. The activities of DB Group are also recognized externally. DB Group was again recognized for its commitment to more diversity: DB Group is the leader in the Women's Career Index (FKI) ranking, being the most woman-friendly company. The FKI is regarded as the principal measuring instrument for the development of successful careers for women. It provides key figures on new leadership, diversity and transformation.

DB Group's first Diversity Report shows that in 2022 the average age has fallen to 44.3 years, the proportion of DB employees with an immigration background has risen to 14.6% and the gender ratio is also becoming more balanced. This is reflected, among other things, in a larger proportion of men among part-time employees (to 46.1%).

Starting from 2023, DB employees can also obtain travel discounts for their non-marital partners. Their children also benefit from the new regulation and can now travel by train with their parents at a reduced price. Marriage was previously given preferential treatment for DB employees, but now those in domestic partnerships can also benefit.

Railway trainees against hate and violence: with a fundraising run around Hamburg's Außenalster lake, future skilled employees of DB Long-Distance won this year's "Railway trainees against hate and violence" competition. More than 100 participants ran 7.5 kilometers and raised around € 1,500 for the Hamburg-based club Kids & Welcome e.V. With the "Railway trainees against hate and violence" competition, the DB Group has for a number of years been recognizing the commitment of its young talents to an open society free from discrimination. This time, around 350 trainees and 100 mentors carried out 54 projects and set strong examples for greater openness and civil courage.

Collective bargaining negotiations with the EVG

On February 28, 2023, the collective wage agreement with the EVG expired. At the same time, collective bargaining negotiations began with the EVG. DB Group's objective is to achieve an appropriate balance: the performance of employees should be recognized, but at the same time DB Group must maintain its readiness for the future against the backdrop of rising prices and high inflation. In addition to an above-average wage increase for employees, a good overall package also includes greater flexibility, improved productivity and decreased complexity in the collective bargaining regulations.

After seven rounds of negotiations and two warning strikes, the EVG declared the negotiations to have failed at the end of June 2023 and announced a ballot. Prior to this, a mediation session will be held under the direction of Prof. Dr. Heide Pfarr and Dr. Thomas de Maizière.

BUSINESS DEVELOPMENT

OVERVIEW

REVENUES ADJUSTED / € million	Total revenues					External revenues				
	H 1		Change		H 1	H 1		Change		H 1
	2023	2022	absolute	%	2019	2023	2022	absolute	%	2019
DB Long-Distance	2,872	2,116	+ 756	+ 35.7	2,392	2,791	2,052	+ 739	+ 36.0	2,310
DB Regional	4,749	4,487	+ 262	+ 5.8	4,412	4,683	4,433	+ 250	+ 5.6	4,361
DB Cargo	2,889	2,631	+ 258	+ 9.8	2,270	2,746	2,521	+ 225	+ 8.9	2,141
DB Netze Track	3,142	3,116	+ 26	+ 0.8	2,803	1,068	995	+ 73	+ 7.3	812
DB Netze Stations	732	697	+ 35	+ 5.0	680	339	300	+ 39	+ 13.0	303
DB Netze Energy	2,136	1,946	+ 190	+ 9.8	1,410	961	1,051	- 90	- 8.6	640
Other	3,119	2,790	+ 329	+ 11.8	2,398	351	314	+ 37	+ 11.8	280
Consolidation Integrated Rail System	- 6,650	- 6,056	- 594	+ 9.8	- 5,407	-	-	-	-	-
Integrated Rail System	**12,989**	**11,727**	**+ 1,262**	**+ 10.8**	**10,958**	**12,939**	**11,666**	**+ 1,273**	**+ 10.9**	**10,847**
DB Arriva	1,968	2,175	- 207	- 9.5	2,690	1,967	2,174	- 207	- 9.5	2,687
DB Schenker	10,080	14,162	- 4,082	- 28.8	8,525	10,067	14,129	- 4,062	- 28.7	8,491
Consolidation other	- 64	- 95	+ 31	- 32.6	- 160	-	-	-	-	- 12
DB Group	**24,973**	**27,969**	**- 2,996**	**- 10.7**	**22,013**	**24,973**	**27,969**	**- 2,996**	**- 10.7**	**22,013**

OPERATING PROFIT FIGURES / € million	EBITDA adjusted					EBIT adjusted				
	H 1		Change		H 1	H 1		Change		H 1
	2023	2022	absolute	%	2019	2023	2022	absolute	%	2019
DB Long-Distance	182	9	+ 173	-	367	- 62	- 195	+ 133	- 68.2	224
DB Regional	295	213	+ 82	+ 38.5	512	- 38	- 104	+ 66	- 63.5	186
DB Cargo	16	- 99	+ 115	-	20	- 195	- 299	+ 104	- 34.8	- 132
DB Netze Track	102	834	- 732	- 87.8	708	- 240	496	- 736	-	379
DB Netze Stations	89	142	- 53	- 37.3	201	6	61	- 55	- 90.2	123
DB Netze Energy	348	76	+ 272	-	65	310	35	+ 275	-	23
Other/consolidation Integrated Rail System	145	- 61	+ 206	-	- 156	- 120	- 304	+ 184	- 60.5	- 376
Integrated Rail System	**1,177**	**1,114**	**+ 63**	**+ 5.7**	**1,717**	**- 339**	**- 310**	**- 29**	**+ 9.4**	**427**
DB Arriva	187	197	- 10	- 5.1	326	43	- 8	+ 51	-	101
DB Schenker	1,011	1,486	- 475	- 32.0	499	626	1,186	- 560	- 47.2	238
Consolidation other	-	7	- 7	- 100	- 8	1	8	- 7	- 87.5	- 9
DB Group	**2,375**	**2,804**	**- 429**	**- 15.3**	**2,534**	**331**	**876**	**- 545**	**- 62.2**	**757**
Margin (%)	9.5	10.0	- 0.5	-	11.5	1.3	3.1	- 1.8	-	3.4

CAPITAL EXPENDITURES / € million	Gross capital expenditures					Net capital expenditures				
	H 1		Change		H 1	H 1		Change		H 1
	2023	2022	absolute	%	2019	2023	2022	absolute	%	2019
DB Long-Distance	814	793	+ 21	+ 2.6	169	814	793	+ 21	+ 2.6	169
DB Regional	198	150	+ 48	+ 32.0	273	193	145	+ 48	+ 33.1	269
DB Cargo	115	132	- 17	- 12.9	163	110	117	- 7	- 6.0	163
DB Netze Track	3,703	3,019	+ 684	+ 22.7	2,875	901	718	+ 183	+ 25.5	636
DB Netze Stations	556	490	+ 66	+ 13.5	397	254	245	+ 9	+ 3.7	216
DB Netze Energy	116	102	+ 14	+ 13.7	67	37	27	+ 10	+ 37.0	23
Other/consolidation Integrated Rail System	350	297	+ 53	+ 17.8	297	348	293	+ 55	+ 18.8	297
Integrated Rail System	**5,852**	**4,983**	**+ 869**	**+ 17.4**	**4,241**	**2,657**	**2,338**	**+ 319**	**+ 13.6**	**1,773**
DB Arriva	128	120	+ 8	+ 6.7	323	123	103	+ 20	+ 19.4	316
DB Schenker	324	299	+ 25	+ 8.4	261	320	299	+ 21	+ 7.0	261
Consolidation other	-	-	-	-	-	-	-	-	-	-
DB Group	**6,304**	**5,402**	**+ 902**	**+ 16.7**	**4,825**	**3,100**	**2,740**	**+ 360**	**+ 13.1**	**2,350**
thereof investment grants	3,204	2,662	+ 542	+ 20.4	2,475	-	-	-	-	-

Market environment

DEMAND IN PASSENGER AND FREIGHT TRANSPORT

Demand for mobility developed unevenly in the first half of 2023. Passenger transport recorded positive development. Although the recovery from the Covid-19 pandemic had a small positive effect compared to the previous year; the weak economic development dampened demand. Rising prices in all sectors are weighing on private households in the form of lower real wages and are weakening consumer and travel behavior.

By contrast, the weaker economic trend had a more pronounced impact on freight transport. Industrial production and foreign trade in Germany developed weakly in the first half of 2023 and had a dampening effect on demand for transport. Consequently, the freight transport market in Germany declined slightly.

GLOBAL ECONOMY

The development of the global economy in the first half of 2023 was robust. Growth in the first months of 2023 was stable in many regions, including the USA and Asia. In Europe, on the other hand, high inflation and interest rates still had a strong impact and weakened the trend noticeably. In Germany in particular, this led to stagnation in economic output in the first half of 2023.

ENERGY MARKETS

The central hedging policy of DB Group aims to reduce energy price fluctuations. Our activities are therefore not exposed to the full impact of changes in market prices, at least not in the short term.

Brent oil

BRENT CRUDE / USD/bbl	H1 2023	2022	Change absolute	Change %
Average price	79.9	99.0	- 19.1	- 19.3
Highest price	89.1	139.1	- 50.0	- 35.9
Lowest price	70.1	75.1	- 5.0	- 6.7
Final price as of Jun 30	74.9	85.9	- 11.0	- 12.8

Source: Thomson Reuters

Oil prices fell by 25% year-on-year in the first half of 2023. This is due on the one hand to weakening oil demand from Asia. On the other hand, the Western price cap on Russian oil introduced in December 2022 is having an effect, while at the same time Russia's oil exports are rising sharply. In addition, the exchange rate of the euro against the dollar has risen by 10% since the beginning of the year, causing the price of imported crude oil in euros to fall even more sharply.

Fuel prices in Germany in the first half of 2023 were about 7% lower than in the previous year. This relatively high level is expected to be maintained over the remainder of 2023 despite favorable exchange rate effects and a constant CO_2 tax.

Electricity and emissions certificates

	H1 2023	2022	Change absolute	Change %
BASE LOAD POWER (FOLLOWING YEAR) (€/MWH)				
Average price	151.0	298.3	- 147.3	- 49.4
Highest price	219.3	1,050	- 830.7	- 79.1
Lowest price	115.5	108.8	+ 6.7	+ 6.2
Final price as of Jun 30	143.7	215.0	- 71.3	- 33.2
EMISSIONS CERTIFICATES (€/t CO_2)				
Average price	89.3	81.2	+ 8.1	+ 10.0
Highest price	101.3	99.2	+ 2.1	+ 2.1
Lowest price	77.0	55.0	+ 22.0	+ 40.0
Final price as of Jun 30	89.1	84.0	+ 5.1	+ 6.1

Source: Thomson Reuters

Energy markets have calmed down noticeably since the beginning of 2023. Despite temporary short-term price rises, prices for all energy sources – with the exception of the CO_2 market, which is heavily driven by political decisions – have been declining since the beginning of 2023. In a long-term comparison, however, prices are high.

Prices on the futures market for electricity also fell enormously at the turn of the year 2022/2023, and have remained at a low level since then. Since the start of the war in Ukraine in 2022, electricity prices have been driven primarily by the shortage of natural gas. As gas supplies have eased, wholesale electricity prices have also fallen recently.

Income situation

⟶ *Revenue and income development under strong pressure despite continued recovery in passenger transport.*

⟶ *Major expenses due to expansion of measures to improve the quality of infrastructure.*

⟶ *Freight rate normalization has a noticeable negative impact on revenue development – DB Schenker's operating profit figures nevertheless well above the pre-Covid-19 level.*

COMPARABILITY WITH THE FIRST HALF OF 2022

The first half of 2022 saw the income, financial and net assets situation of DB Group still significantly impacted by measures to contain the Covid-19 pandemic. The complete abolition of Covid-19 restrictions on passenger transport was one of the reasons why demand continued to recover and performance figures improved further.

Changes in the scope of consolidation 77 did not have a material impact on the development of expenses and income in the first half of 2023.

Group levy introduced in DB Group

DB Group management incorporates various governance functions that, with a few regulatory exceptions, perform functions for the entirety of DB Group. Since 2023, the costs for these functions are no longer charged to the business units as claims on profits but as explicit costs. As a result, comparability with previous year figures is limited at business unit level.

A contractual agreement and clearing of the Group levy ensures that the chargeable services of DB Group functions are settled – including against the background of regulatory and tax requirements.

The Group levy contract was concluded with the management companies of the business units and the main internal service providers of DB Group. The contract regulates the distribution of costs and their measurement for the services covered.

REVENUES

REVENUES / € million	H 1 2023	H 1 2022	Change absolute	Change %	H 1 2019
Revenues	24,972	27,968	-2,996	-10.7	22,014
± Special items	1	1	-	-	-1
Revenues adjusted	**24,973**	**27,969**	**-2,996**	**-10.7**	**22,013**
thereof Integrated Rail System	12,989	11,727	+1,262	+10.8	10,958
± Changes in the scope of consolidation	-282	-449	+167	-37.2	-
± Exchange rate changes	197	-	+197	-	-
Revenues comparable	**24,888**	**27,520**	**-2,632**	**-9.6**	**22,013**
thereof Integrated Rail System	12,998	11,727	+1,271	+10.8	10,958

Revenues decreased mainly as a result of the development of freight rates at DB Schenker. The increase in revenues of the business units of the Integrated Rail System 31 ff. had a partially offsetting effect. The main drivers in the Integrated Rail System were the ongoing recovery in demand, price effects at DB Long-Distance and DB Netze Energy, higher concession fees and new transport services at DB Regional, and price-related growth at DB Cargo.

At DB Arriva, revenues decreased mainly due to the sale of activities in non-core countries 57, lower government support measures and exchange rate effects. Covid-19 recovery effects and new transport services had an offsetting positive effect.

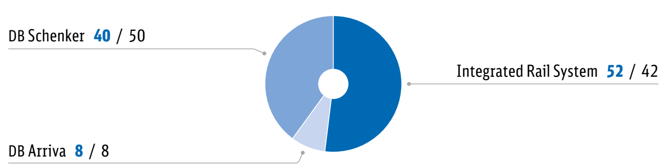
Special items continued to be irrelevant for revenue development.

Changes in the scope of consolidation 77 and exchange rate changes also had no material impact:

- The effects of changes to the scope of consolidation related to DB Schenker (€ +280 million) and DB Regional (€ +2 million) in the first half of 2023, as well as to DB Schenker (€ –225 million) and DB Arriva (€ –224 million) in the first half of 2022.
- The effects of exchange rate changes applied primarily to DB Schenker (€ -150 million) and DB Arriva (€ -36 million).

Revenue structure

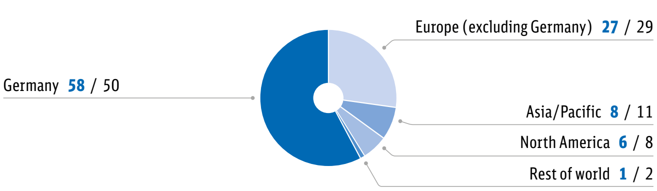
EXTERNAL REVENUES ADJUSTED BY DIVISIONS / % | H1 2023 / H1 2022



TRANSITION TO THE ADJUSTED STATEMENT OF INCOME / € million	H 1 2023	H 1 Reclassifications	H 1 Adjustment for special items	H 1 2023 adjusted	H 1 2022 adjusted	Change absolute	Change thereof scope of consolidation effects	Change thereof exchange rate effects	Change %	H 1 2019 adjusted
Revenues	24,972	–	1	24,973	27,969	- 2,996	- 167	- 197	- 10.7	22,013
Inventory changes and other internally produced and capitalized assets	2,141	–	–	2,141	1,923	+ 218	- 0	- 0	+ 11.3	1,490
Other operating income	1,513	–	- 29	1,484	1,709	- 225	- 15	- 7	- 13.2	1,116
Cost of materials	- 13,342	–	- 142	- 13,484	- 16,502	+ 3,018	+ 85	+ 119	- 18.3	- 10,876
Personnel expenses	- 10,244	–	69	- 10,175	- 9,958	- 217	+ 67	+ 45	+ 2.2	- 8,902
Other operating expenses	- 2,644	–	80	- 2,564	- 2,337	- 227	+ 2	+ 28	+ 9.7	- 2,307
EBITDA	2,396	–	- 21	2,375	2,804	- 429	- 28	- 12	- 15.3	2,534
Depreciation	- 2,072	17	11	- 2,044	- 1,928	- 116	- 29	+ 8	+ 6.0	- 1,777
Operating profit (EBIT) | EBIT adjusted	**324**	**17**	**- 10**	**331**	**876**	**- 545**	**- 57**	**- 4**	**- 62.2**	**757**
Net interest income | operating interest balance	- 269	- 16	5	- 280	- 239	- 41	- 4	+ 2	+ 17.2	- 333
Operating income after interest	**55**	**1**	**- 5**	**51**	**637**	**- 586**	**- 61**	**- 2**	**- 92.0**	**424**
Result from investments accounted for using the equity method | net investment income	6	–	–	6	- 2	+ 8	+ 2	- 0	–	–
Other financial result	- 10	16	–	6	146	- 140	+ 2	+ 32	- 95.9	-18
PPA amortization customer contracts	–	- 17	–	- 17	- 14	- 3	–	- 0	+ 21.4	-32
Extraordinary result	–	–	5	5	- 85	+ 90	–	+ 0	–	-97
Net profit before taxes on income	**51**	**–**	**–**	**51**	**682**	**- 631**	**- 58**	**+ 32**	**- 92.5**	**277**
Taxes on income	- 122	–	–	- 122	- 258	+ 136	+ 14	- 0	- 52.7	-72
Actual taxes on income	- 126	–	–	- 126	- 262	+ 136	–	–	- 51.9	-90
Deferred tax expenditure (-) / income (+)	4	–	–	4	4	–	–	–	–	18
Net profit / loss for the period	**- 71**	**–**	**–**	**- 71**	**424**	**- 495**	**- 44**	**+ 32**	**–**	**205**
DB AG shareholders	- 97	–	–	- 97	400	- 497	–	–	–	198
Hybrid capital investors	13	–	–	13	13	–	–	–	–	–
Other shareholders (non-controlling interests)	13	–	–	13	11	+ 2	–	–	+ 18.2	7

In the first half of 2023, the revenue structure shifted significantly in favor of the Integrated Rail System again, mainly as a result of freight rate normalization at DB Schenker. The ongoing recovery in demand for passenger transport had a supporting effect.

EXTERNAL REVENUES ADJUSTED BY REGIONS / % H1 2023 / H1 2022



ADJUSTED EXTERNAL REVENUES BY REGIONS / € million	H 1 2023	H 1 2022	Change absolute	Change %	H 1 2019
Germany	14,424	14,051	+ 373	+ 2.7	12,457
Europe (excluding Germany)	6,710	8,121	- 1,411	- 17.4	6,836
Asia/Pacific	1,994	3,120	- 1,126	- 36.1	1,504
North America	1,472	2,208	- 736	- 33.3	947
Rest of world	373	469	- 96	- 20.5	269
DB Group	**24,973**	**27,969**	**- 2,996**	**- 10.7**	**22,013**

Revenue development varied by region:

- In Germany, the development in the Integrated Rail System was largely offset by a significant revenue decline at DB Schenker.
- In the other regions, the significantly weaker revenue development was driven by declines at DB Schenker.

INCOME DEVELOPMENT

The economic development of DB Group was characterized by additional burdens, including from the expansion of measures to improve quality and availability, particularly in infrastructure, and cost increases. DB Schenker's performance was also weaker than in the exceptionally strong first half of 2022, but remained well above pre-Covid-19 levels. The recovery in passenger transport as a result of the declining impact of the Covid-19 pandemic and a price-related improvement in performance at DB Netze Energy and DB Cargo had a positive effect.

The operating profit figures declined noticeably. In passenger and rail freight transport the situation remained under pressure.

- In the Integrated Rail System, higher expenses, particularly for materials (especially infrastructure quality measures) and personnel (capacity expansion), exceeded revenue growth as a result of the ongoing recovery in demand in passenger transport, higher concession fees and new transport services at DB Regional, and price effects at DB Netze Energy and DB Cargo.
- Operating profit development at DB Schenker was weaker, driven mainly by freight rate developments in air and ocean freight, but remained well above pre-Covid-19 levels.
- DB Arriva recorded a significant recovery in adjusted EBIT.

Additional information is available in the section Development of business units 31ff.

Transition to the adjusted statement of income

The transition to the adjusted statement of income is a two-step process. The reclassification and adjustment procedure (2022 Integrated Report 99f.) has not changed.

Development in the first half of 2023

Overall, income development declined:

- There was a significant decline in revenues 23f.
- Other operating income decreased mainly as a result of the discontinuation of train-path price reimbursements from the Federal Government for partial compensation for damages in connection with the Covid-19 pandemic at DB Long-Distance and the discontinuation of income from the sale of real estate at DB Netze Track. The increase in income from, among other things, compensation for damage in connection with vehicle deliveries had a dampening effect.

Expenses also decreased, mainly driven by the freight rate development at DB Schenker. As a result of significantly higher maintenance expenses, higher energy costs and higher personnel expenses in the Integrated Rail System, however, expenses decreased at a lower rate than income:

- The cost of materials decreased noticeably, primarily due to lower freight rates at DB Schenker. At DB Arriva, the sale of activities in non-core countries 57 reduced expenses. Significantly higher expenses in the Integrated Rail System had a partially offsetting effect. Here, the expansion of measures to improve quality and availability, particularly in infrastructure, and higher purchased transport services at DB Cargo caused expenses to increase. In addition, expenses for energy in passenger transport increased, mainly due to price and performance factors.
- Personnel expenses increased in the Integrated Rail System (mainly as a result of a higher number of employees) and at DB Schenker (mainly as a result of greater complexity of business activities). At DB Arriva, a significantly lower number of employees had the effect of reducing expenses.
- Other operating expenses increased due, among other things, to a higher demand for IT services. In addition, the intensification of travel activities – significantly reduced during the Covid-19 pandemic – and higher rental expenses for buildings, among other things, increased expenses.
- Depreciation increased slightly due to capital expenditures.

Adjusted EBIT and adjusted EBITDA declined noticeably as a result.

- The weaker operating interest balance resulted from the higher interest rate level, which led in particular to increased expenses in connection with financial liabilities and pensions.

The operating income after interest therefore also decreased noticeably.

- Net investment income increased significantly on a low level and was largely driven by GHT Mobility GmbH, which had a negative impact on the development of net investment income in the first half of 2022.
- The significant decrease in other financial result was mainly due to effects from hedging transactions entered into, which resulted in a net expense (in the first half of 2022: income), and negative effects from the compounding and discounting of provisions. This was counteracted by positive exchange rate effects.
- The extraordinary result increased significantly and was slightly positive. Positive effects, including in connection with the electricity price brake 6, were almost completely offset by negative effects, mainly due to the adjustment of provisions, restructuring measures and transactions with shareholdings.

	H 1			
EXTRAORDINARY RESULT / € million	2023	thereof affecting EBIT	2022	thereof affecting EBIT
DB Long-Distance	94	94	0	0
DB Regional	-4	-4	0	0
DB Cargo	21	21	-10	-10
DB Netze Track	-19	-14	-5	-1
DB Netze Stations	12	12	–	–
DB Netze Energy	–	–	–	–
Other/consolidation Integrated Rail System	-76	-76	-70	-70
Integrated Rail System	**28**	**33**	**-85**	**-81**
DB Arriva	-24	-24	0	0
DB Schenker	1	1	0	0
Consolidation other	0	0	0	0
DB Group	**5**	**10**	**-85**	**-81**
thereof electricity price brake	142	142	–	–
thereof restructuring measures	-68	-68	-71	-71

Accordingly, the profit before income taxes also declined significantly.

- Although the development of the income tax item was better, it still weighed on performance:
  - Actual income taxes declined due to lower results for some foreign Group companies (primarily at DB Schenker).
  - The somewhat weaker deferred tax revenue resulted from lower temporary differences at foreign Group companies.

As a result, the decline in net profit/loss for the period was slightly lower.

Financial position

→ *A total of two bond transactions (€ 1.4 billion).*

→ *Credit ratings and outlooks unchanged.*

INTEREST RATE ENVIRONMENT

YIELD ON TEN-YEAR GERMAN FEDERAL BONDS / %	H 1 2023	2022	Change (percentage points)
Average yield	2.36	1.19	+ 1.17
Highest yield	2.77	2.57	+ 0.20
Lowest yield	1.92	- 0.19	+ 2.11
Final yield as of Jun 30	2.39	2.56	- 0.17

Source: Thomson Reuters (daily closing prices)

The previous year's strong rise in yields in the euro bond market came to a halt in the course of the first half of 2023. Continuing high inflation rates, which have eased in the course of the year to date, brought an end to the upward trend and resulted in current yields slightly below the recent highs. By contrast, money market rates during the business year continued to rise, supported by interest rate hikes by central banks, meaning that the inverse yield curve remains in place.

FINANCIAL MANAGEMENT SYSTEM

FINANCIAL INSTRUMENTS / € billion	Volume as of Jun 30, 2023	thereof utilized	Utilization rate	Volume as of Dec 31, 2022	thereof utilized	Utilization rate
European debt issuance program	35.0	28.8	82 %	35.0	27.9	80 %
Australian debt issuance program (AUD 5 billion)	3.1[1]	0.9	29 %	3.2	0.9	28 %
Multi-currency commercial paper program	3.0	-	-	3.0	-	-
Guaranteed credit facilities (back-up lines)	2.1	-	-	2.0	-	-
Guaranteed credit facilities (bridge loan facilities)	1.0	1.0	100 %	-	-	-

[1] Deviation from the value as of December 31, 2022, is due to exchange rate effects.

In addition to aiming for a sustained rise in enterprise value, DB Group's financial management focuses on maintaining a capital structure that will ensure very good credit ratings. The maturity profile is a particularly important part of this management.

Bond issues

DB Group has a European debt issuance program (EDIP) and an Australian debt issuance program (Kangaroo Program) available for long-term debt financing. Under the EDIP, two senior bonds were issued in the first half of 2023 (total volume: € 1.4 billion) and one senior bond (total volume: € 0.4 billion) was repaid. The funds were raised to refinance liabilities falling due and ongoing general Group financing. In the first half of 2023, demand for our bonds came primarily from institutional investors in Europe.

ISIN	Issuer	Currency	Volume (million)	Volume (€ million)	Coupon (%)	Maturity	Term (years)
XS2577042893	DB Finance	EUR	750	750	3.625	Dec 2037	14.9
XS2624017070	DB Finance	EUR	600	600	3.250	May 2033	10.0

Other financing instruments

- In the area of short-term debt financing, we still have a multi-currency commercial paper program (CP Program) available to us.
- As of June 30, 2023, we also had guaranteed credit facilities with a residual term of up to three years. These include:
  - back-up lines for the CP Program, and
  - bridge loan facilities for the advance financing of infrastructure measures.

– In addition, as of June 30, 2023, we were able to rely on credit lines of € 2.6 billion for the operating business (as of December 31, 2022: € 2.6 billion). These credit lines are made available to our subsidiaries around the world and include provisions for financing working capital as well as sureties for payment.

Vehicle financing

Sale-and-leaseback contracts are also concluded for the financing of vehicles in regional rail passenger transport. In the first half of 2023, as part of the second stage of commissioning, the eastern electric network went into full operation (three electric traction units). This transport contract is based on a sale-and-leaseback contract.

CREDIT RATINGS

DB AG CREDIT RATINGS	First issued	Last published	Ratings Short-term	Long-term	Outlook
S&P Global Ratings	May 16, 2000	Jul 29, 2022	A-1+	AA-	stable
Moody's	May 16, 2000	Jul 11, 2023	P-1	Aa1	stable

The creditworthiness of DB Group is constantly monitored and assessed by the rating agencies S&P Global Ratings (S&P) and Moody's.

In the first half of 2023, S&P and Moody's did not make any changes to DB AG's ratings.

Additional information on ratings and the rating agencies' full analyses of DB AG are available on our investor relations Web site.

Key economic performance indicators

⟶ *The development of operating profit led to the weaker development in ROCE and debt coverage.*

ROCE

ROCE	H1 2023	H1 2022	Change absolute	Change %	H1 2019
EBIT adjusted [1] (€ million)	331	876	- 545	- 62.2	757
/ Capital employed as of Jun 30 (€ million)	46,574	44,968	+1,606	+3.6	42,114
ROCE (%)	**1.4**	**3.9**	**-2.5**	**-**	**3.6**
Target value (%)	≥6.0	≥6.5	-	-	≥7.0

[1] Figures extrapolated to the full year for calculation purposes.

ROCE decreased mainly as a result of the weaker development of adjusted EBIT 24f. The growth in capital employed was mainly due to the increase in property, plant and equipment 29.

DEBT COVERAGE

DEBT COVERAGE / € million	H1 2023	H1 2022	Change absolute	Change %	H1 2019
EBITDA adjusted [1]	2,375	2,804	- 429	- 15.3	2,534
+ Operating interest balance [1]	- 280	- 239	- 41	+ 17.2	- 333
+ Original tax expenses [1]	- 126	- 262	+ 136	- 51.9	- 90
Operating cash flow after taxes [1]	**1,969**	**2,303**	**- 334**	**- 14.5**	**2,111**
Net financial debt as of Jun 30	30,278	30,504	- 226	- 0.7	25,409
+ Pension obligations as of Jun 30	3,235	3,435	- 200	- 5.8	5,270
+ Hybrid capital [2] as of Jun 30	1,003	1,003	-	-	-
/ Net debt as of Jun 30	**34,516**	**34,942**	**- 426**	**- 1.2**	**30,679**
Debt coverage (%)	**11.4**	**13.2**	**- 1.8**	**-**	**13.8**
Target value (%)	≥ 20	≥ 20	-	-	≥ 20

[1] Figures extrapolated to the full year for calculation purposes.
[2] As assessed by the rating agencies, half of the hybrid capital shown on the balance sheet is taken into account in the calculation of the adjusted net debt.

Debt coverage deteriorated somewhat compared to June 30, 2022:

– The operating cash flow after taxes was down as a result of the decline in operating profit.
– Net debt was around the level as of June 30, 2022. Pension obligations and net financial debt 28 did not change significantly.

Asset situation

⟶ *In line with our expectations, net financial debt increased compared with the end of the previous year.*

⟶ *Infrastructure and vehicle capital expenditures in Germany continued to rise from an already high level.*

⟶ *Equity ratio slightly weaker.*

STATEMENT OF CASH FLOWS

SUMMARY STATEMENT OF CASH FLOWS / € million	H1 2023	H1 2022	Change absolute	Change %	H1 2019
Cash flow from operating activities	1,931	1,498	+ 433	+ 28.9	1,386
Cash flow from investing activities	- 3,085	- 2,532	- 553	+ 21.8	- 1,857
Cash flow from financing activities	695	256	+ 439	+ 171	584
Net changes in cash and cash equivalents as of Jun 30 / Dec 31	- 487	+ 547	- 1,034	-	119
Cash and cash equivalents as of Jun 30 / Dec 31	4,651	5,138	- 487	- 9.5	3,993

– The very significant increase in cash flow from operating activities was mainly due to positive working capital effects. The weaker development of profits 24ff. had a partially offsetting effect.

- The significant increase in cash outflow from investing activities resulted mainly from higher net capital expenditures 28f. Increased payments for investments in financial assets (in particular for the leasing of rolling stock from contracting organizations under service concession agreements) had an additional supporting effect.
- Cash inflow from financing activities increased significantly:
  - The increased taking out of financial loans essentially led to a net inflow of funds (€ +502 million; in the first half of 2022: net outflow of funds amounting to € –270 million). Here, the taking out of bridge loans 26 in particular increased inflows.
  - The decrease in net inflow from senior bonds 26 (€ –293 million) and a higher cash outflow for lease repayments (€ –39 million) had a partly offsetting effect.
- On balance, as of June 30, 2023, cash and cash equivalents were down compared to the end of the previous year.

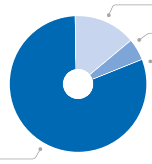
NET FINANCIAL DEBT

NET FINANCIAL DEBT / € million	Jun 30, 2023	Dec 31, 2022	Change absolute	Change %	Dec 31, 2019
Senior bonds	29,632	28,802	+830	+2.9	20,966
Leasing liabilities	4,964	5,180	-216	-4.2	5,015
Commercial paper	-	-	-	-	890
Interest-free loans	149	298	-149	-50.0	707
Other financial debt	1,701	993	+708	+71.3	1,115
Financial debt	**36,446**	**35,273**	**+1,173**	**+3.3**	**28,693**
− Cash and cash equivalents, highly liquid cash investments and financial receivables	-6,164	-6,323	+159	-2.5	-4,397
± Effects from currency hedges	-4	-123	+119	-96.7	-121
Net financial debt	**30,278**	**28,827**	**+1,451**	**+5.0**	**24,175**

Net financial debt increased slightly as of June 30, 2023. This resulted from a demand for financial resources, particularly in the Integrated Rail System. The profit situation in the Integrated Rail System continued to be difficult, while at the same time the demand for financial resources for capital expenditures remained high and DB Group made advance payments for additional infrastructure measures. In addition, profits at DB Schenker also declined after an extraordinarily strong 2022. The positive profit development at DB Arriva only partially compensated for this.

- Financial debt increased slightly:
  - The euro value of the outstanding senior bonds 26 was somewhat higher due to issuing. Exchange rate effects did not play a key role here as a result of closed hedging transactions.
  - Leasing liabilities fell slightly due to repayments. The conclusion of new lease contracts and the extension of existing ones had a partially offsetting effect.
  - Interest-free loans fell as a result of repayments.
  - Other financial debt rose mainly as a result of the net taking out of short-term bank borrowings (including the taking out of bridge loans 26).
- The foreign currency senior bonds are almost entirely hedged by corresponding derivatives against exchange rate fluctuations, so that exchange rate effects are mainly compensated through the offsetting position of the hedging transaction.
- Net financial debt increased slightly as cash and cash equivalents decreased alongside the increase in financial debt.

COMPOSITION OF FINANCIAL DEBT / % As of Jun 30, 2023 / Dec 31, 2022



The maturity structure and the composition of financial debt have changed somewhat in the direction of financial debt due in the short term as a result of the taking out of bridge loans 26:

- Accordingly, short-term financial debt (up to one year) increased somewhat. In contrast, the share of financial debt with a maturity of one to five years decreased.
- The composition of the financial debt shifted slightly toward bank debt. The share of lease liabilities and interest-free loans decreased due to repayments.

CAPITAL EXPENDITURES

CAPITAL EXPENDITURES / € million	H1 2023	H1 2022	Change absolute	Change %	H1 2019
Gross capital expenditures	6,304	5,402	+902	+16.7	4,825
thereof Integrated Rail System	5,852	4,983	+869	+17.4	4,241
− Investment grants	3,204	2,662	+542	+20.4	2,475
thereof Integrated Rail System	3,195	2,645	+550	+20.8	2,468
Net capital expenditures	**3,100**	**2,740**	**+360**	**+13.1**	**2,350**
thereof Integrated Rail System	2,657	2,338	+319	+13.6	1,773

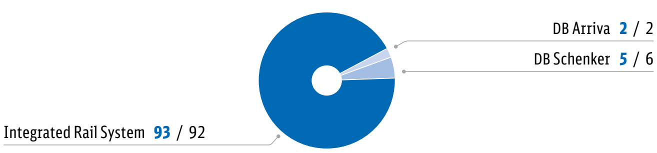
Gross capital expenditures increased significantly from an already high level. In the Integrated Rail System, there was a significant increase in infrastructure capital expenditures.

Capital expenditures on the vehicle fleet also increased overall. The increase in capital expenditure activities at DB Schenker (mainly leasing activities in the USA) and DB Arriva (mainly vehicle capital expenditures in Hungary and Slovakia) also had an increasing effect.

Investment grants, which are almost exclusively attributable to the Integrated Rail System, also increased significantly as a result of higher capital expenditures in the new construction and expansion of the rail network. They accounted for about 51% of gross capital expenditures (in the first half of 2022: about 49%).

Net capital expenditures increased significantly. In particular, the increase in capital expenditures on track infrastructure and vehicles at DB Long-Distance and DB Regional impacted the Integrated Rail System. Capital expenditure activities also increased at DB Arriva and DB Schenker.

GROSS CAPITAL EXPENDITURES BY DIVISIONS / % — **H1 2023** / H1 2022



The focus of our capital expenditure activities continues to center on the Integrated Rail System for measures to improve performance capability, efficiency and quality in relation to track infrastructure as well as measures to develop our vehicle fleet.

Regional capital expenditure priorities

GROSS CAPITAL EXPENDITURES BY REGIONS / € million	H1 2023	H1 2022	Change absolute	Change %	H1 2019
Germany	5,824	4,977	+847	+17.0	4,299
Europe (excluding Germany)	339	335	+4	+1.2	457
Asia/Pacific	54	62	-8	-12.9	53
North America	57	16	+41	–	28
Rest of world	4	5	-1	-20.0	9
Consolidation	26	7	+19	–	-21
DB Group	**6,304**	**5,402**	**+902**	**+16.7**	**4,825**

NET CAPITAL EXPENDITURES BY REGIONS / € million	H1 2023	H1 2022	Change absolute	Change %	H1 2019
Germany	2,633	2,344	+289	+12.3	1,831
Europe (excluding Germany)	330	306	+24	+7.8	450
Asia/Pacific	50	62	-12	-19.4	53
North America	57	16	+41	–	28
Rest of world	4	5	-1	-20.0	9
Consolidation	26	7	+19	–	-21
DB Group	**3,100**	**2,740**	**+360**	**+13.1**	**2,350**

In the regional breakdown of gross capital expenditures, the focus remained on Germany. The increase is mainly due to the intensification of infrastructure measures.

Net capital expenditures increased in Europe (excluding Germany). This was primarily due to higher capital expenditures at DB Arriva.

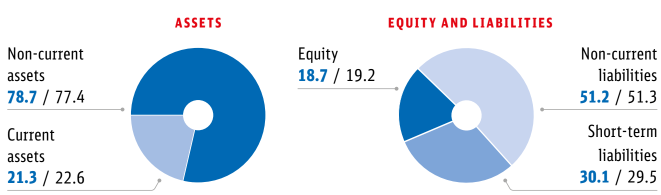
In the Asia/Pacific region, capital expenditures declined significantly on a low level as a result of regional developments at DB Schenker.

In the North America region, DB Schenker's capital expenditures increased very significantly on a low level.

BALANCE SHEET

BALANCE SHEET / € million	Jun 30, 2023	Dec 31, 2022	Change absolute	Change %	Dec 31, 2019
Total assets	76,754	76,303	+451	+0.6	65,828
ASSETS					
Non-current assets	60,418	59,044	+1,374	+2.3	53,213
Current assets	16,336	17,259	-923	-5.3	12,615
EQUITY AND LIABILITIES					
Equity	14,329	14,679	-350	-2.4	14,927
Non-current liabilities	39,284	39,145	+139	+0.4	32,820
Current liabilities	23,141	22,479	+662	+2.9	18,081

BALANCE SHEET STRUCTURE / % — **As of Jun 30, 2023** / Dec 31, 2022



In the first half of 2023, there were no material changes to the International Financial Reporting Standards (IFRS) regulations or DB Group's consolidation and accounting principles that would result in any changes to the consolidated financial statements.

Total assets were at virtually the same level as at the end of the previous year:

- Non-current assets increased, driven primarily by higher property, plant and equipment (€ +1,015 million). This was due to a persistently high level of net capital expenditures, particularly in the Integrated Rail System. In addition, receivables and other assets increased (€ +448 million), partly as a result of higher receivables from plan assets for pension obligations, in particular at DB Arriva and DB Cargo. The decline in deferred tax assets (€ –50 million) and the development of derivative financial instruments in connection with hedging transactions for foreign currencies and energy (€ –35 million) had a dampening effect.

- By contrast, current assets declined. The main factors were:
  - decreased trade receivables (€ –626 million), in particular at DB Schenker, as a result of the freight-rate developments and business development,
  - lower cash and cash equivalents (€ –487 million), and
  - the reduction in assets held for sale (€ –142 million) mainly due to the sale of the activities of DB Arriva in Denmark, Serbia and Poland 57.
  - This was partly offset by the increase in other receivables and assets (€ +334 million), mainly as a result of higher current receivables in connection with hedging transactions and acknowledgements of debt.

The structure of the assets side remained almost unchanged, with a very slight shift in favor of non-current assets.

On the liabilities side, equity increased slightly, due in part to the net loss for the period (€ –71 million). Other drivers were the changes recognized in reserves in connection with the fair value measurement of cash flow hedges (€ –116 million) and currency differences (€ –90 million) as well as the revaluation of pensions (€ –54 million).

With the total assets remaining almost stable, the slight decline in equity led to a somewhat weaker equity ratio.

- Non-current liabilities were almost at the same level as at the end of the previous year. In essence, this development was characterized by:
  - an increase in pension obligations (€ +265 million), mainly in Germany, partly as a result of a decline in the interest rate and changes in the assumptions for the revaluation, and
  - higher long-term derivative financial instruments (€ +135 million), mainly in connection with hedging of interest rate and exchange rate fluctuations,
  - which were nearly completely offset, mainly by lower non-current financial debt 28 (€ –180 million) as well as lower provisions maturing in the long term (€ –52 million; mainly due to valuation factors).
- Current liabilities increased slightly. In essence, this development was characterized by:
  - higher current financial debt (€ +1,353 million), the main driver of which was the increase in short-term bank debt (€ +913 million) and bonds (€ +677 million),
  - the increase in other liabilities falling due in the short term (€ +258 million), including in connection with acknowledgements of debt and higher deferred income (€ +109 million), and provisions falling due in the short term (€ +97 million), mainly in connection with revenue discounts,
  - this was partly offset by a decrease in trade payables (€ –974 million), mainly at DB Schenker (for example freight rate and business development) and DB Netze Track (mainly reporting date effects), and
  - liabilities in connection with assets held for sale (€ –148 million), mainly resulting from the sale of the activities of DB Arriva in Denmark, Serbia and Poland.

In the structure of the liabilities side, the increase in current liabilities has resulted in a slight shift, mainly to the detriment of the share of equity.

PROCUREMENT VOLUME

The procurement volume corresponds to the contractual obligations that DB Group has entered into vis-à-vis suppliers. On subsequent realization, these become capital expenditures or expenses (mainly cost of materials and other operating expenses). Total procurement volume in the first half of 2023 (excluding DB Arriva) amounted to € 20.9 billion (in the first half of 2022: € 23.5 billion):

- Freight and freight-forwarding services fell significantly to € 6.0 billion (in the first half of 2022: € 9.6 billion) due to lower freight rate levels and volume declines.
- Industrial products fell to € 4.1 billion (in the first half of 2022: € 5.0 billion).
- In construction and engineering services, the purchasing volume increased to € 4.6 billion (in the first half of 2022: € 3.8 billion) due to increasing capital expenditures on infrastructure, including reconstruction of the Ahrtalbahn.
- Third-party services rose to € 4.4 billion (in the first half of 2022: € 3.7 billion) due to digitalization projects and maintenance/revision of high-speed trains.
- Cable- and pipe-bound power and fuel increased to € 1.8 billion (in the first half of 2022: € 1.4 billion).

DEVELOPMENT OF BUSINESS UNITS

Business units in the Integrated Rail System

DEVELOPMENTS IN THE RELEVANT MARKETS

The developments described below are based on available data, which sometimes has different time horizons, since full information about market developments in the first half of 2023 was not available at the time this report was prepared.

German passenger transport market

In the first half of 2023, the German passenger transport market recorded a sustained increase in volume sold. However, the ramp-up of demand varied greatly across the individual market segments.

- In the first half of 2023, motorized private transport gradually approached pre-Covid-19 levels again. The still high level of fuel prices was initially of little importance.
- At the beginning of 2023, domestic German air transport recorded further recovery effects, but remained significantly below the pre-Covid-19 level. The very high growth rates are the result of a very weak base in the previous year.

RAIL PASSENGER TRANSPORT

Rail passenger transport showed significant growth in volume sold (+36%) in the first quarter of 2023 compared to the same period in the previous year. There were Covid-related restrictions in the first quarter of 2022. DB Group's volume sold also increased by 36% in the same period. The positive development in volume sold for rail passenger transport continued in the second quarter of 2023.

- Regional rail passenger transport increased in the first quarter of 2023 (+29%) despite continued effects from people working from home and a corresponding reduction in business trips and commuter journeys. DB Regional saw a similar increase in performance (+30%). Compared with the second quarters in each case, there is a moderate increase of around 1% at DB Regional. This was strongly influenced by the 9-Euro-Ticket valid in June 2022 and by the Germany-Ticket 3 which has been in force since May 2023.
- Long-distance rail passenger transport also significantly exceeded the level of the same quarter of the previous year in the first quarter of 2023 (+43% for the sector as a whole; +42% for DB Long-Distance). In comparison with the second quarters of 2022 and 2023, DB Long-Distance also recorded an increase in volume sold (+4%).
- FlixTrain significantly expanded its range of services and stops portfolio in the first half of 2023 and also increased its volume sold.

PUBLIC ROAD PASSENGER TRANSPORT

The first quarter of 2023 saw the overall market for public road passenger transport record a noticeable increase in volume sold (+20%) compared to the corresponding period in the previous year.

- In the first quarter of 2023, the growth in regional bus transport was around 12%. DB Regional Road recorded an increase in volume sold (13%) in the first quarter of 2023 and was also able to improve in the second quarter by 30% compared to the same period in the previous year.
- At the beginning of 2022, long-distance bus transport offered a greatly reduced service due to Covid-19. In the first half of 2023, the range of services was again significantly expanded and was well above the level of the same period in the previous year. For example, FlixBus significantly improved its volume sold in the first half of 2023, however the corresponding period in the previous year was still characterized by Covid-19 restrictions.

German freight transport market

After the weak end to 2022, freight transport was also exposed to a negative market environment in the first quarter of 2023 and developed significantly below the previous year across different modes of transports. High factor cost increases weighed on the cost side of transport companies and caused transport prices to rise significantly. After transport prices for trucks had already risen considerably in the course of the previous year, train operating companies followed suit at the start of 2023. High inflation and the resulting decline in consumer sentiment, as well as weak impetus from industry, resulted in spare capacity and strong competition across different modes of transports, especially in the case of container transport. In addition to the price, transport quality was also increasingly in focus. The construction economy, which was burdened by high interest rates, and the weak development of energy-intensive industries led to significant reductions in transport. The supply chain problems caused in particular by the war in Ukraine have weakened markedly, but are not yet completely resolved.

After the poor development that is expected in the second quarter of 2023, demand development will recover from the second half of 2023 at best; however, in relation to the entirety of 2023, freight transport in Germany is expected to perform below the previous year.

RAIL FREIGHT TRANSPORT

According to previous publications by the Federal Statistical Office, the development of rail freight volume sold of –5.0% until April 2023 was well below the corresponding period in the previous year. This market situation reflects both the negative baseline effect, due to the strong months of the previous year, and the current negative environment.

Transport for the chemical, steel and paper industries, which have been affected by the energy crisis, recorded sharp declines. Coal and mineral oil transport provide positive stimuli, as does a marked increase in automotive transport after extreme slumps in previous years. Combined transport, which is so important for rail freight transport with a share of around 45%, fell considerably in volume compared to the previous year on account of high inflation and the resulting weak consumption stimulus.

ROAD FREIGHT TRANSPORT

Road freight transport started off weakly in the first quarter of 2023. Although a slight recovery has been evident since April 2023, volume sold remains below the previous year's level. This is due to negative economic stimulus and a reduced order book in the construction sector, which is particularly relevant for roads:

- According to our own calculations, by May 2023 volume sold showed a significant decline of 3.5% compared to the corresponding period in the previous year.
- A similar development is reflected in the toll statistics of the Federal Agency for Freight Transport. On the toll road network, performance up to May 2023 decreased by 4.4% compared with the same period in the previous year. The development of trucks registered in Germany was worse than that of foreign trucks.

INLAND WATERWAY TRANSPORT

Following a bad year in 2022 due to low water levels, inland waterway transport continued its negative development in the first months of 2023 with volume sold in the first quarter of 2023 almost 10% below the previous year's level.

Unlike the development in rail transport, inland waterway transport was not able to benefit from the strong short-term demand for coal and declined in almost all key sectors.

European rail freight transport market

In the first quarter of 2023, volume sold in European rail freight transport (EU 27, Switzerland, Norway and the United Kingdom) declined significantly by 6% compared to the same period in the previous year. The market was burdened by weak economic development and high costs, especially in the energy sector. Declines were observed in particular in energy-intensive industries such as chemicals and steel, as well as in combined transport.

- Volume sold for rail freight transport in the United Kingdom declined by around 3% in the first quarter of 2023. Metal and mineral oil transport in particular developed negatively. Construction materials and intermodal transport, on the other hand, played a supporting role on the market. At DB Cargo UK, transport performance declined more strongly than in the market.
- In Poland, as of May 2023, the rail freight transport market increased by around 2% on the basis of volume sold compared to the same period in the previous year, but fell by around 7% on the basis of traffic volume in tons. The reason for the increase in volume sold is the change in flows of transport as a result of the war in Ukraine. The transport distance has increased significantly in some cases. Transport for the energy-intensive metal and chemical industries declined in particular. As a result of the slump in transport to China, combined transport also saw a sharp decline. DB Cargo Polska's volume sold developed above the market.
- In France, volume sold in rail transport fell sharply by over 25% in the first quarter of 2023. In addition to the economic weakness of the industry, the strikes on pension reform at the start of 2023 had a particularly negative impact. In line with the market trend, DB Cargo France's volume sold also declined.
- The market for international rail transport between Asia and Europe experienced a sharp decline as a result of the war in Ukraine. The war severely reduced the volume of Eurasian rail transport, with low ocean freight rates in 2023 causing a further burden on Eurasian rail transport.

DB LONG-DISTANCE BUSINESS UNIT

Fleet development

VEHICLE PROJECTS AND PROCUREMENTS

The vehicle projects for the expansion of the ICE fleet were continued in the first half of 2023:

- The ICE 1 modernizations are continuing. To date, 23 ICE 1 trains have been modernized. Seven more will follow in 2023. Implementation of the improved drive technology (IGBT converters) was also taken up in parallel with the modernization work to optimize the robustness of the drives. Sixty-six modified multiple units are currently in use.
- Seven more Intercity 2 double-decker trains from Alstom Transport will also be available by 2024.
- Ten new ICE 4 trains (seven 13-car trains and three seven-car trains) were added in the first half of 2023.
- The gradual purchase of ICE 3neo trains is continuing in 2023. In the first half of 2023, another six ICE 3neo trains were purchased.
- The ICE T customer program will address the most important measures to improve customer satisfaction and the marketability of the ICE T by replacing seats, partially refurbishing WCs, upgrading the vehicle interior, and carrying out repainting work by the end of 2024.

VEHICLE AVAILABILITY

With the commissioning of new vehicles and the continued modernization of the existing fleet, the availability of the ICE fleet in the first half of 2023 was increased compared to the corresponding period in the previous year. There is also a positive development in terms of operational deterioration in the passenger sector (for example WiFi, access doors). There was a reduction in this regard across all fleets in the first half of 2023.

To continue the positive development, vehicle projects will continue to be implemented. This includes the arrival of new vehicles, such as the ICE 3neo, of which ten vehicles were in stock as of June 30, 2023. Furthermore, we will be continuously optimizing the existing fleets with various measures until the end of 2023.

Digitalization and innovation

- **More information about train journeys:** Since June 7, 2023, all interested sales partners have been provided with the predicted arrival and departure times of their ICE and IC trains. This includes live operational reports such as track changes at the station or information in the event of severe weather restrictions. This data is provided via an interface and can be used by sales partners for presenting their own information. The innovation is part of a Europe-wide package to improve the rights of rail passengers, and is being rolled out within the framework of existing sales cooperations.
- **DB Navigator is being overhauled:** From November 2023, DB Navigator will be equipped with numerous improved functions. This will make passenger information even easier to access and more intuitive. In recent years, DB Group has invested a three-digit million-euro sum in its sales systems for more digital services. Since 2009, the DB Navigator app has been the digital everyday companion for long-distance and local transport, simplifying everyday travel with real-time information and ticket booking. The Next DB Navigator app provides an insight into the digital future of travel from November 2023. The app already has most of the functions and offers of the overhauled DB Navigator and is constantly being expanded. Customers are able to test the Next DB Navigator app and give feedback on it.

Environmental measures

- After the expansion of the vegan menu as part of Veganuary received a positive response, vegan currywurst was kept on the on-board restaurant's menu as a resource-conserving dish beyond the end of the promotional period.
- As a smaller gesture, on March 1, 2023, we launched the new, sustainable "favorit guest" chocolate green No. 157 included in the guest gift portfolio for guests in first class. The chocolate is made from fair-trade cocoa and the packaging is produced using FSC-certified and recyclable paper. Furthermore, our cooperation partner share per gift makes a donation to Tafel Deutschland e.V. The total amount donated comes to € 500,000 per year.
- Between May and July 2023, there is a campaign to strengthen the link between cycling and rail transport. For every long-distance online or mobile ticket booked from or to a station with the Call a Bike offer, in cooperation with DB Connect, passengers will receive 30 minutes' use of the DB bike sharing service Call a Bike for free. This means that our customers can get to their destination in a way that is even more flexible, quicker and better for the climate.

Subsidiaries

- **DB Sales:** The Long-Distance sales division (with the exception of DB Dialog GmbH) was moved from DB Sales and transferred to the DB Long-Distance business unit with effect from April 1, 2023. As a result, product development, marketing and sales are to be even more closely interlinked, and improvements for our customers are to be implemented more quickly.
- **DB Reise&Touristik Suisse SA:** On December 22, 2022, DB Reise&Touristik Suisse SA, Basel/Switzerland, which is in liquidation, was filed for deletion with the competent commercial register of the Canton of Basel-Stadt.

Development in the first half of 2023

⟶ *Noticeable ongoing recovery in demand leads to a significantly more positive revenue development.*

⟶ *Factors such as higher expenses for energy and strikes by the EVG are having an impact on profit development.*

⟶ *Punctuality was severely affected by construction-related capacity restrictions in the infrastructure.*

DB LONG-DISTANCE TRANSPORT	H 1 2023	H 1 2022	Change absolute	Change %	H 1 2019
Punctuality (rail) (%)	68.7	69.6	- 0.9	-	77.2
Customer satisfaction (SI)	77.1	75.4	+1.7	-	77.4
Passengers (rail) (million)	68.2	59.1	+9.1	+15.4	71.8
Volume sold (rail) (million pkm)	21,658	18,339	+3,319	+18.1	20,894
Volume produced (million train-path km)	77.9	78.8	- 0.9	- 1.1	73.0
Load factor (%)	47.5	41.1	+6.4	-	53.3
Total revenues (€ million)	2,872	2,116	+756	+35.7	2,392
External revenues (€ million)	2,791	2,052	+739	+36.0	2,310
EBITDA adjusted (€ million)	182	9	+173	-	367
EBIT adjusted (€ million)	- 62	- 195	+133	- 68.2	224
Gross capital expenditures (€ million)	814	793	+21	+2.6	169
Employees as of Jun 30 (FTE)	20,501	18,852	+1,649	+8.7	16,938
Average employees (FTE)	19,930	18,838	+1,092	+5.8	16,864

Punctuality was slightly worse. This was caused primarily by a high number of infrastructure disruptions due to obsolete and fault-prone installations, as well as capacity limitations due to construction work on the core network. In addition, the high number of construction and maintenance measures not notified on time led to instability in the timetable processes. The additional inspections, establishment of restricted-speed sections and replacement of concrete ties 44 required in connection with the defective concrete ties remained a core challenge for the quality of operations in the first half of 2023. In addition, high network utilization and partial congestion of major traffic hubs have a negative effect on punctuality.

After a positive start to the year, customer satisfaction fell by mid-2023. Overall, it improved in the first half of 2023 as a result of better assessments in the areas of comfort and service as well as the monthly punctuality development. Poor punctuality and further possible strike action remain the biggest challenges for the remainder of the year.

The positive trend in performance development continued in the first half of 2023:

- **Number of passengers and volume sold:** Significant increase, driven mainly by recovery effects, as the first quarter of 2022 was still significantly influenced by measures to contain the Covid-19 pandemic. The EVG's strike action 20 had a dampening effect.
- **Volume produced:** Timetable adjustments due to construction on the network as well as strike-related cancellations resulted in a slight decline.
- **Load factor:** Marked improvement again as a result of the increased number of passengers.

Economic development improved significantly, but continues to be challenging. Operating profit figures improved significantly, driven by a disproportionate increase in revenues compared to expenses:

- **Revenues:** Price- and performance-related growth was very significant. The EVG's strike action had a dampening effect.
- **Other operating income:** Significant decline (–42.8%/€ –136 million), mainly as a result of the abolition of the Federal Government's train-path price reimbursements as partial compensation for damages in connection with the Covid-19 pandemic. In particular, higher income from compensation for damages had a negative effect.

Expenses increased noticeably, especially as a result of energy cost increases and measures to improve performance quality.

- **Cost of materials:** Increase (+21.4%/€ +315 million) resulted mainly from price-related higher energy expenses (partial compensatory effects from the electricity price brake 6 are reported in the extraordinary result 25). Additional increases resulted, for example, from higher expenses for inspections and maintenance due to increases in price and quantity, increased project costs, for example to improve onboard WiFi quality, higher goods consumption for onboard catering due to sales, and increased expenses for vehicle cleaning. Weak operating quality and a higher number of passengers also led to additional customer service expenses.

- **Other operating expenses:** Increase (+29.8%/€ +101 million), resulting, for example, from the implementation of IT projects and digitalization measures as well as the Group levy 23 introduced in the first half of 2023. In addition, more intensive advertising activities to win back customers, increased qualification actions for employees, increased travel, and positive performance development all had an impact on expenses.
- **Depreciation:** Increase (+19.6%/€ +40 million) mainly as a result of the expansion of the high-speed fleet (ICE 4 and ICE 3neo trains) as well as the redesign of ICE 1 and ICE 3 trains. This was partly counteracted by ICE 2 and Intercity 1 trains reaching the end of their useful life.
- **Personnel expenses:** Development (+6.3%/€ +39 million) resulted predominantly from a higher number of employees.

Capital expenditure activities increased and resulted from continued vehicle projects 33.

The number of employees increased as of June 30, 2023, mainly due to performance, as a result of the implementation of measures to improve quality and increase capacity as well as the takeover of employees from DB Sales 34.

DB REGIONAL BUSINESS UNIT

Development of the order book

AWARDED TRANSPORT CONTRACTS

GERMAN REGIONAL RAIL PASSENGER TRANSPORT MARKET / million train-path km	H1 2023 p. a.	H1 2023 total	H1 2022 p. a.	H1 2022 total
Tender procedures (number)	15	–	7	–
thereof to DB Regional	7	–	5	–
Awarded tender volume	51.9	315.9	14.7	197.8
thereof DB services (%)	44	–	59	–
thereof to DB Regional	24.9	126.3	13.9	192.6
Hit rate (%)	48	40	95	97
SIGNIFICANT CONTRACTS WON				
Rhine–Ruhr S-Bahn (metro) Subnetwork B	7.2	37.2	–	–
MDSB2025plus Lot 1 (Central Germany S-Bahn (metro))	3.0	35.9	–	–
Network 54 regional railway Lake Constance–Upper Swabia	2.4	23.4	–	–

The volume of awarded tenders for regional rail passenger transport in Germany was considerably higher than in the first half of 2022. DB Regional's awarded tender rate was substantially lower in the first half of 2023. The exceptionally high awarded tender rate in the first half of 2022 was mainly due to the relatively low volume of contracts awarded, which was largely characterized by DB Regional's existing services.

GERMAN PUBLIC ROAD PASSENGER TRANSPORT MARKET / million commercial vehicle km	H1 2023 p. a.	H1 2023 total	H1 2022 p. a.	H1 2022 total
Tender procedures (number)	57	–	82	–
thereof including participation by DB Regional	52	–	69	–
Awarded tender volume	36.2	234.8	54.6	405.8
thereof DB services (%)	30	–	26	–
thereof including participation by DB Regional	34.8	229.1	47.2	353.3
Hit rate (%)	56	–	32	–

In the first half of 2023, the awarded tender volume for bus transport in Germany declined significantly compared to the same period in the previous year. DB Regional's hit rate has improved significantly as of June 30, 2023.

NEW COMMISSIONINGS AND CESSATIONS

NEW COMMISSIONINGS (RAIL) 2022 – H1 2023	Term	Million train-path km p. a.	thereof versus H1 2022 [1]
Ruhr-Sieg network transfer	02/2022–12/2023	3.4	+0.3
Rhine-Ruhr S-Bahn (metro) Lot B transfer	02/2022–12/2023	7.1	+0.6
EBO Karlsruhe Area Network 7b (lots 1 and 2)	12/2022–12/2035	4.6	+2.3
2023-Taunus	12/2022–12/2034	2.1	+1.1
Network 59 pre-commissioning on new construction line Wendlingen–Ulm	12/2022–12/2027	0.8	+0.4
Total		**18.0**	**+4.7**

[1] Effect of the change on the year-on-year comparison. As commissionings took place in the middle of the month, the linear calculation is carried out on a weekly basis.

CESSATIONS (RAIL) 2022 – H1 2023	Change	Million train-path km p. a.	thereof versus H1 2022 [1]
Augsburg network lot 1	12/2022	6.6	-3.3
XMU network SH lot east	12/2022	4.2	-2.1
Network 19 Singen–Schaffhausen	12/2022	0.5	-0.3
Chiemgau–Berchtesgaden	12/2022	0.2	-0.1
Total		**11.5**	**-5.8**

[1] Effect of the change on the year-on-year comparison. As commissionings took place in the middle of the month, the linear calculation is carried out on a weekly basis.

ORDER BOOK

ORDER BOOK / € billion	Jun 30, 2023	Dec 31, 2022	Change absolute	Change %
DB Regional	82.6	83.1	- 0.5	- 0.6
secured	70.0	69.6	+ 0.4	+ 0.6
unsecured	12.6	13.5	- 0.9	- 6.7

Revenues that are directly connected with transport contracts or concessions are either independent of (secured revenues, primarily concession fees) or dependent on (unsecured revenues, primarily revenues from fares) the number of passengers.

In the first half of 2023, DB Regional's order book decreased slightly. The additions from awarded transport contracts of € 4.4 billion were offset by disposals of about € 5.0 billion, mainly as a result of services rendered. As most of the awarded transport contracts include secured revenues, there has been an increase in the secured order book, while unsecured revenues have decreased as a result of services rendered.

Fleet development

In the first half of 2023, we continued to implement comprehensive measures to improve our vehicle fleet:

- These included the redesign of the interior, the installation of passenger information and video recording systems, WiFi and new paintwork. A total of 97 vehicles were modified and modernized, mainly for the Berlin S-Bahn (metro) and for the Upper Elbe and NeiTech Thuringia diesel networks.
- We are further focusing on the procurement of new vehicles for awarded transport contracts. A total of 41 new vehicles were delivered in the first half of 2023. Eight of these were deployed through a leasing model. The majority of the new vehicles delivered (33 vehicles) are allocated to the Berlin and Stuttgart S-Bahn (metro) networks.

Vehicle availability improved again in the first half of 2023. However, there were also delays and restrictions relating to the delivery of new trains.

In addition, 60 new multiple units have been ordered so far in 2023.

Digitalization and innovation

FINDING A SEAT MORE EASILY IN REGIONAL TRAINS

DB Group is introducing real-time utilization indicators on the first regional transport lines. The utilization rate of cars is determined and passed on directly to customers on the platform, on the vehicle and on the app. The utilization indicators are made possible thanks to a comprehensive capacity management system. It allows customers to find a seat faster and train operations to become more efficient.

Environmental measures

- Since April 2023, as part of a pilot project, DB Regional has been using the climate-friendly biofuel HVO (hydrotreated vegetable oil) for vehicles on the Schwarzatalbahn line green No. 164. This will save around 430 t of CO_2 over the pilot period.
- DB Regional has concluded a framework agreement with the Portuguese manufacturer Caetanobus for the supply of 60 hydrogen buses green No. 53 by 2026. The first vehicles will begin running in Lower Saxony and Schleswig-Holstein at the beginning of 2024.
- Since February 2023, 22 new battery-powered electric buses green No. 63 have been successfully operating in Schleswig-Holstein, offering emissions-free mobility.
- In Berlin-Grünau, a new 160-meter-long washing facility green No. 94 with a water recycling system was put into operation. As a result, up to 90 % of the water used there can be reused.

Subsidiaries

- ioki is increasingly collaborating with DB Regional Bus to offer integrated mobility. Since the first half of 2023, ioki has been bundled with DB Regional's bus activities into a new line of business called DB Regional Road.

Other events

- With its on-demand platform, ioki continues to be the industry leader in the DACH region and the largest European tech provider for on-demand ride pooling (according to the Q1/2023 On-Demand Transit Market Report). Between October 2022 and May 2023, ioki increased the number of passengers on the platform from two to three million. Newly launched on-demand transport services with ioki software became available from BEA in Meinerzhagen, EMMI-Mobil in Bad Hindelang as well as transport services from foreign partners such as Stagecoach in the United Kingdom and DB Arriva in Italy. In addition, more than 20 mobility analysis projects have been completed in Germany and abroad.

Development in the first half of 2023

- *Further increase in the number of passengers, new transport contracts and the introduction of the Germany-Ticket are shaping development in the first half of 2023.*
- *Additional impact from higher costs, especially for energy, as well as strikes and heavy construction on the network.*
- *Operating profit development still under pressure.*

DB REGIONAL	H 1 2023	H 1 2022	Change absolute	Change %	H 1 2019
Punctuality (rail) (%)	92.4	93.1	- 0.7	–	94.7
Punctuality (bus) (%)	85.9	86.5	- 0.6	–	82.1
Passengers (millions)	1,076	949.5	+ 126.5	+ 13.3	1,259
thereof rail	808.3	724.8	+ 83.5	+ 11.5	977.7
Volume sold (million pkm)	19,598	17,338	+ 2,260	+ 13.0	23,661
thereof rail	16,665	14,918	+ 1,747	+ 11.7	20,382
Volume produced (rail) (million train-path km)	210.8	218.6	- 7.8	- 3.6	226.9
Volume produced (bus) (million bus km)	256.8	248.5	+ 8.3	+ 3.3	249.2
Total revenues (€ million)	4,749	4,487	+ 262	+ 5.8	4,412
External revenues (€ million)	4,683	4,433	+ 250	+ 5.6	4,361
Rail concession fees (€ million)	3,334	3,262	+ 72	+ 2.2	2,803
EBITDA adjusted (€ million)	295	213	+ 82	+ 38.5	512
EBIT adjusted (€ million)	- 38	- 104	+ 66	- 63.5	186
Gross capital expenditures (€ million)	198	150	+ 48	+ 32.0	273
Employees as of Jun 30 (FTE)	38,414	37,594	+ 820	+ 2.2	36,362
Average employees (FTE)	38,394	37,572	+ 822	+ 2.2	36,116

Figures for the first half of 2022 and the first half of 2019 correspond to those published in the Integrated Interim Report 2022 for DB Regional. Intra-Group transfers 36 had no material effect on key figures.

Punctuality in regional rail passenger transport has decreased slightly in both regional transport and S-Bahn (metro) services. The main drivers are additional delays stemming from infrastructure facilities, especially due to superstructure disruptions and restricted-speed sections (also in connection with the topic of defective concrete ties 44). Additional capacity restrictions due to construction in conjunction with highly utilized hubs also resulted in a significant increase in secondary train delays. In addition to structural effects, one-off events (including people on the track), particularly in the case of S-Bahn (metro) trains in metropolitan regions, increased and affected operating quality.

Punctuality in bus transport has worsened slightly.

Overall, performance development was positive:

- **DB Regional Rail:** The number of passengers and volume sold continued to recover. The first quarter of 2022 was still negatively impacted by measures to contain the Covid-19 pandemic. In addition, the introduction of the Germany-Ticket 3 starting in May 2023 had a positive effect. The omission of the effect of the 9-Euro-Ticket in June 2022 had a contrary effect.
- **DB Regional Road:** The negative effects of Covid-19 also continued to decline in this line of business. Performance gains had a supporting effect, meaning that bus transport performance development was also very positive.

The economic development of DB Regional was better but remained under pressure. The increase in income was partially offset by additional burdens, particularly in the rail line of business, due to higher energy costs and strikes, for example. Operating profit figures improved but remained significantly below the pre-Covid-19 level – adjusted EBIT remained negative.

Considering overall passenger numbers remained lower than pre-Covid-19 levels, passenger revenue still remains below the pre-Covid-19 level. Due to the high proportion of gross contracts, the revenue risk lies primarily with the contracting organizations.

Income development was positive:

- **Revenues:** The increase was primarily due to higher concession fees, demand-related increases in revenues from fares, and bus transport performance gains. The loss of revenues from fares in connection with the introduction of the Germany-Ticket 3 starting in May 2023 was almost completely offset by compensation payments.
- **Other operating income:** Increase (+32.7 %/€ +74 million), mainly as a result of higher compensation payments for delayed vehicle deliveries and effects in connection with Government grants for previous years under the industry solution for local public transport. Supporting effects came from a change in cost allocation as a result of the introduction of the Germany tariff association (countereffect in cost of materials).

There were also additional burdens, including due to price-based increases in cost of materials:

- **Cost of materials:** Significant increase (+6.2 %/€ +186 million), mainly as a result of higher expenses for energy due to increased prices (even taking into account payments from the electricity price brake 6) and higher purchased transport services. In addition, the expenses for maintenance and inspections increased due to increases in price and quantity. Lower expenses for the use of train-paths and stations due to volume had a dampening effect in some cases.

- **Other operating expenses:** Significant increase (+17.4%/€ +58 million), driven by the Group levy 23 introduced in the first half of 2023 as well as the implementation of digitalization measures and measures to increase vehicle availability.
- **Personnel expenses:** Slight increase (+1.8%/€ +21 million), due mainly to the higher number of employees on average.
- **Depreciation:** Capital expenditure-related increase (+5.0%/€ +16 million), driven by the rail line of business.

Capital expenditure activities increased in line with the requirements of awarded transport contracts.

The number of employees, driven by bus activities, was above the level as of June 30, 2022, due to performance. The integration of ioki had an additional increasing effect.

RAIL LINE OF BUSINESS

⟶ *Further increase in the number of passengers and the introduction of the Germany-Ticket are shaping development in the first half of 2023.*

⟶ *Additional impact from higher costs, especially for energy, as well as strikes and heavy construction on the network.*

⟶ *Tense personnel situation is leading to train cancellations and is putting additional strain on operating profit development.*

RAIL LINE OF BUSINESS	H 1		Change		H 1
	2023	2022	absolute	%	2019
Passengers (millions)	808.3	724.8	+83.5	+11.5	998.3
thereof rail	808.3	724.8	+83.5	+11.5	977.7
Volume sold (million pkm)	16,665	14,918	+1,747	+11.7	20,691
thereof rail	16,665	14,918	+1,747	+11.7	20,382
Volume produced (million train-path km)	210.8	218.6	-7.8	-3.6	226.9
Total revenues (€ million)	4,094	3,913	+181	+4.6	3,853
External revenues (€ million)	4,040	3,861	+179	+4.6	3,805
Rail concession fees (€ million)	3,334	3,262	+72	+2.2	2,803
EBITDA adjusted (€ million)	269	249	+20	+8.0	490
EBIT adjusted (€ million)	-19	-27	+8	-29.6	196
Gross capital expenditures (€ million)	139	118	+21	+17.8	249
Employees as of Jun 30 (FTE)	28,368	28,114	+254	+0.9	27,721

The demand recovery trend from the previous year continued in the first half of 2023. The first quarter of 2022 was still negatively impacted by measures to contain the Covid-19 pandemic. In addition, the introduction of the Germany-Ticket 3 starting in May 2023 had a positive effect. The omission of the effects of the 9-Euro-Ticket (2022 Integrated Report 36) in June 2022 had a dampening effect. As a result, the number of passengers and volume sold rose significantly. The slight decline in volume produced resulted mainly from the tender-related transfer of services 35, the EVG's strike action 20 and personnel- and construction-related train cancellations.

Economic development improved but remained challenging. Expense increases were more than offset by the positive income development:

- **Revenues:** Increase as a result of higher revenues from fares due to performance and as a result of higher concession fees. In addition to general increases by contracting organizations, the compensation payments already made for the Germany-Ticket also had an impact here (in the previous year for the 9-Euro-Ticket only in the second half of 2022). Service losses, increased compensation payments as a result of lower operating quality (including due to train cancellations for operational reasons) and the EVG strikes had a dampening effect.
- **Other operating income:** Significant increase. Positive effects were mainly due to the compensation mechanism of the industry solution for local public transport and higher compensation payments for delayed vehicle deliveries. Supporting effects came from a change in cost allocation as a result of the introduction of the Germany tariff association (countereffect in the cost of materials).

On the expense side, there were additional burdens primarily from price effects and increased maintenance:

- **Cost of materials:** Increase, mainly as a result of price increases for energy (even taking into account payments from the electricity price brake 6), increased maintenance and increased expenses for substitute rail services due to construction. As a result of tendering losses, expenses for the use of train-paths and stations declined slightly by contrast.
- **Other operating expenses:** The increase resulted mainly from the implementation of digitalization measures and measures to increase vehicle availability. The Group levy 23 introduced in the first half of 2023 also increased expenses.
- **Depreciation:** In particular, capital expenditure-related increases from completed vehicle projects.

In contrast, the decrease in personnel expenses had a dampening effect:

- **Personnel expenses:** The decline due to the loss of one-off payments from collective bargaining agreements in the first half of 2022 is partly offset by a slightly higher average number of employees.

Capital expenditure activities developed in line with the requirements from awarded transport contracts and were considerably higher.

The number of employees was close to the level as of June 30, 2022. An increase due to hiring, especially in the areas of train attendant services, scheduling and maintenance due to regional performance increases and qualification measures, was almost completely offset by reductions due to service losses.

ROAD LINE OF BUSINESS

⟼ *The DB Regional Road line of business bundles together the activities of ioki and DB Regional Bus for an integrated mobility offering.*

⟼ *Performance gains are driving revenue development.*

STREET LINE OF BUSINESS	H 1 2023	H 1 2022	Change absolute	Change %	H 1 2019
Passengers (millions)	268.1	224.7	+43.4	+19.3	260.5
Volume sold (million pkm)	2,933	2,419	+514	+21.2	2,970
Volume produced (million bus km)	256.8	248.5	+8.3	+3.3	236.0
Total revenues (€ million)	760	632	+128	+20.3	580
External revenues (€ million)	643	572	+71	+12.4	556
EBITDA adjusted (€ million)	27	-36	+63	-	23
EBIT adjusted (€ million)	-18	-77	+59	-76.6	-9
Gross capital expenditures (€ million)	60	33	+27	+81.8	25
Employees as of Jun 30 (FTE)	10,047	9,480	+567	+6.0	8,641

Figures for the first half of 2022 and the first half of 2019 correspond to those published in the Integrated Interim Report 2022 for the DB Regional Bus line of business. Intra-Group transfers 36 had no material effect on key figures.

The clearly positive performance development in bus transport resulted from performance gains in the bus business and the progressive recovery in demand after the Covid-19 pandemic.

The operating profit figures improved significantly. However, the economic situation remains challenging. Performance development and one-off effects had a positive impact on income development:

- **Revenue:** Primarily performance-related increase. Positive effects also resulted from lower losses of revenues from fares in connection with the Germany-Ticket compared to the 9-Euro-Ticket in the first half of 2022.
- **Other operating income:** Development in line with the first half of 2022. Lower Government grants (including those from the industry solution for local public transport) were almost completely compensated by an increase that was mainly due to increased services for third parties.

There were additional negative effects on the expense side, mainly from cost of materials and personnel expenses:

- **Cost of materials:** The increase was mainly due to higher expenses for purchased transport services and maintenance due to price and performance. Expenses for diesel were in line with the first half of 2022. Expense-increasing volume and positive price effects almost completely compensated each other.
- **Personnel expenses:** The increase is due to the higher average number of employees.
- **Depreciation:** Capital expenditure-related increase.
- **Other operating expenses:** Slight increase, mainly as a result of the Group levy 23 introduced in the first half of 2023 and a return to higher travel activity. Lower additions for provisions for impending losses had a largely compensatory effect.

Capital expenditures increased significantly, partly due to catch-up effects.

The number of employees increased due to performance and as a result of the integration of ioki 36.

DB CARGO BUSINESS UNIT

Energy supply

- Against the backdrop of the war in Ukraine, DB Cargo contributed with coal transports from sea ports in the North Sea to 15 large power plant sites throughout Germany to the country's energy security 8. Energy suppliers were thus able to ensure the supply of electricity and heat at all times.
- DB Cargo supported the transformation of the German energy supply by transporting about 3,000 pipes needed to connect the LNG import terminal at Brunsbüttel to the north-western European gas network. The new connecting pipeline is also suitable for transporting hydrogen.

Environmental measures

- **Use of HVO:**
  - After extensive field trials, the biofuel HVO green No. 164 has been approved for DB Cargo's entire diesel locomotive fleet in Germany since mid-2022. As DBeco fuel, it expands the Eco Solutions product range. A significant volume increase is planned for 2023. By the end of June 2023, around three million liters of HVO had already been used for refueling. In 2022, the total volume amounted to around 0.5 million liters.
  - Since DB Cargo UK is already using HVO, the introduction of HVO at DB Cargo is currently being reviewed for the Netherlands, Belgium, France and Spain. A comprehensive operational test in the Netherlands

was started in June 2023. So far, 80% of DB Cargo locomotives in Europe have been approved for operation with HVO. By the end of 2023, all locomotives should be able to operate without restrictions on HVO.

- **Driver assistance system LEADER 3.0:** LEADER green No. 08 is installed at DB Cargo in Germany on more than 650 e-locomotives (equivalent to around two-thirds of the e-locomotive fleet). With LEADER, traction unit drivers are supported via an additional display with driving recommendations for energy-saving runs. In 2023, the internationalization and use of LEADER on diesel locomotives begins. In addition, the existing system will be further developed for the creation of network capacities.
- **Green steel production:** Together with the steel and technology group voestalpine, DB Cargo is increasingly focusing on a circular economy. By means of rail shuttle services between large automobile plants, the use of new lightweight freight cars and the large-scale reuse of high-quality industrial scrap, they contribute to the resource-conserving and energy-efficient production of high-quality steel. Shuttle services such as the Bayern-Shuttle are climate-neutral thanks to the use of eco-power. The existing logistics partnership has been sealed for a further two years.

General framework

PROMOTION OF SINGLE WAGON TRANSPORT

In order to strengthen single wagon transport, the Federal Government has been supporting facility pricing in the area of train formation since 2020. In 2023, the total amount available is € 85 million. In the 2023 Federal budget, the Federal Government has also created the financial conditions for further support for single wagon transport with a new budget item, with an allocation of € 80 million. In the Government draft for the 2024 Federal budget, this item is to be increased to € 300 million. In order to implement and pay out the funding, a funding guideline is required, which is currently being drawn up by the Federal Ministry for Digital and Transport. There were comprehensive industry dialogue on this in advance. After departmental coordination and approval by the European Commission, the funding guideline is expected to be published in the second half of 2023.

Development in the first half of 2023

→ *Decrease in volumes was manifested in the energy-intensive steel and chemical industries as well as in the trans-Eurasian corridor in the first half of 2023. Coal transport, automotive transport and project business are developing positively and have a supporting effect.*

→ *Challenging environment due to strikes in Germany, France and the United Kingdom, as well as construction-related restrictions on the German network.*

→ *Rising factor costs and additional burdens continue to put pressure on economic development and lead to the need for price adjustments.*

DB CARGO	H 1 2023	H 1 2022	Change absolute	Change %	H 1 2019
Punctuality (%)	70.5	66.9	+ 4.3	–	73.8
Freight carried (million t)	103.5	115.0	- 11.5	- 10.0	122.4
Volume sold (million tkm)	38,644	43,523	- 4,879	- 11.2	43,738
Volume produced (million train-path km)	74.7	85.4	- 10.7	- 12.5	82.9
Capacity utilization (t per train)	517.1	509.9	+ 7.2	+ 1.4	527.8
Total revenues (€ million)	2,889	2,631	+ 258	+ 9.8	2,270
External revenues (€ million)	2,746	2,521	+ 225	+ 8.9	2,141
EBITDA adjusted (€ million)	16	- 99	+ 115	–	20
EBIT adjusted (€ million)	- 195	- 299	+ 104	- 34.8	- 132
EBIT margin (adjusted) (%)	- 6.7	- 11.4	+ 4.7	–	- 5.8
Gross capital expenditures (€ million)	115	132	- 17	- 12.9	163
Employees as of Jun 30 (FTE)	31,578	30,931	+ 647	+ 2.1	29,198
Average employees (FTE)	31,526	30,848	+ 678	+ 2.2	28,994

The punctuality of DB Cargo has improved slightly. The reduced train numbers also had positive effects on the number of backlog trains, among other things. For these reasons, the operating situation in the largest train formation yards was generally uncritical. Worse punctuality on individual days is mainly the result of operational effects due to construction measures, the partly poor condition of the infrastructure as well as subsequent secondary delays. In addition, the companies in Eastern Europe and South East Europe have also improved, with production at a significantly lower punctuality level than in Germany.

The freight carried, as well as volume sold and volume produced, declined in the first half of 2023. This was driven by a decline in transport in the energy-intensive steel and chemical sectors, as well as in intermodal transport in Germany and on the Eurasian corridor. Strikes in Germany 20, France and United Kingdom, as well as the effects of the war in Ukraine, also led to weaker demand. Utilization increased somewhat, partly due to the higher proportion of coal traffic for safeguarding energy supply.

Economic development was better in spite of the decline in quantities for steel, chemicals and intermodal transport: operating profit figures increased, but adjusted EBIT remained negative. Inflation-related additional burdens were more than offset by growth in income:

- **Revenues:** Significant increase, driven by the positive development in Central and Eastern Europe, driven above all by price-related factors.
- **Other operating income:** Increase (+9.0%/€ +21 million), driven by a higher facility price support in Germany and single wagon support in France, as well as increased compensation payments in connection with a line closure.

On the expense side, there were significant additional burdens due to inflation and quality, driven primarily by increases in cost of materials:

- **Cost of materials:** Significant increase (+6.9%/€ +116 million), mainly due to higher energy costs, which in Germany were only partially compensated by the effects of the electricity price brake 6. Price-induced increases for purchased transport services also had an impact. Maintenance expenses increased mainly due to changes in the accounting of major overhauls at foreign companies previously shown as capital expenditures. The performance development had an opposite effect.
- **Other operating expenses:** Increase (+10.0%/€ +34 million), including due to the Group levy 23 introduced in the first half of 2023 and the value adjustments on customer claims at a subsidiary. This was offset by the performance-related decline in short-term rental of locomotives and freight cars.
- **Personnel expenses:** Slight increase (+2.3%/€ +22 million), due mainly to the higher number of employees on average.
- **Depreciation:** Increase (+5.5%/€ +11 million) mainly due to higher vehicle rentals subject to mandatory capitalization (IFRS 16).

The decline in capital expenditures is mainly the result of a change in the accounting of major overhauls that were previously capitalized. Secondly, delays in vehicle projects in the United Kingdom also had a reducing effect.

The number of employees increased as a result of the continuation of staff development and the qualification campaign for operational staff.

CENTRAL EUROPE REGION

⟶ *Declines in volumes in energy-intensive industries and in intermodal transport – especially trans-Eurasian transport affected by low ocean freight rates.*

⟶ *Additional burdens due to price increases, in particular for energy and purchased transport services.*

⟶ *Operating income development still under pressure.*

CENTRAL EUROPE REGION	H1 2023	H1 2022	Change absolute	Change %	H1 2019
Freight carried (million t)	107.2	120.5	-13.3	-11.0	116.1
Volume sold (million tkm)	31,241	35,268	-4,027	-11.4	35,052
Volume produced (million train-path km)	59.9	68.5	-8.6	-12.6	64.8
Total revenues [1] (€ million)	2,930	2,690	+240	+8.9	2,489
External revenues [1] (€ million)	2,063	1,861	+202	+10.9	1,736
EBITDA adjusted (€ million)	-39	-153	+114	-74.5	26
EBIT adjusted [1] (€ million)	-189	-296	+107	-36.1	-80
Gross capital expenditures (€ million)	73	93	-20	-21.5	147
Employees as of Jun 30 [1] (FTE)	22,266	22,031	+235	+1.1	19,343

[1] Figure for the first half of 2022 or respectively as of June 30, 2022, adjusted.

Performance development in Central Europe was driven significantly down by market developments (decreases in demand for steel and chemical transport and intermodal transport) and the EVG's strike action 20. In addition, the drop in demand on the trans-Eurasian corridor put a strain on performance. Additional coal transport for safeguarding energy supply in Germany 39, on the other hand, had a positive impact.

Economic development has improved significantly but is still very challenging due to the operating situation. Operating profit figures improved, driven by revenue development:

- **Revenues:** Significant increase, as performance-related decline was more than offset by price effects.
- **Other operating income:** Decrease, including due to the omission of non-periodic reimbursements related to the noise-based train-path pricing system in 2022. In contrast, there are partly compensating effects from an increase in Government grants (higher facility price support in Germany).

On the expense side, there were additional burdens, primarily in cost of materials:

- **Cost of materials:** Increase, due in particular to higher energy expenses due to higher prices, which in Germany were only partially compensated by the effects of the electricity price brake 6 and for purchased transport services as well as a change in the accounting for major overhauls previously shown as capital expenditures. Performance-related declines had an opposing effect on expenses.
- **Depreciation:** Capital expenditure-related increase due to additional long-term rentals of locomotives and freight cars.
- **Personnel expenses:** The increase is primarily due to a slight increase in the number of operating employees.
- **Other operating expenses:** Personnel expenses were approximately at the level of the first half of 2022. Declines, including a reduction in the rental of freight cars due to performance, were almost completely compensated by additional burdens, in particular by the introduction of Group levy 23 in the first half of 2023.

Capital expenditures decreased as a result of a change in the accounting of major overhauls. In addition, the contract volume of long-term rental contracts for freight cars was reduced.

The number of employees increased slightly as the recruitment and qualification initiative for operational personnel continued.

WESTERN EUROPE REGION

⟼ *The difficult market environment and strikes in the United Kingdom and France are also putting pressure on developments in Spain.*

⟼ *Burdens due to higher prices, especially for energy – operating profit development under more significant pressure.*

	H 1		Change		H 1
WESTERN EUROPE REGION	**2023**	2022	absolute	%	2019
Freight carried (million t)	18.5	21.6	- 3.1	- 14.4	24.7
Volume sold (million tkm)	4,749	5,700	- 951	- 16.7	6,308
Volume produced (million train-path km)	10.6	12.7	- 2.1	- 16.5	14.2
Total revenues (€ million)	387	377	+ 10	+ 2.7	358
External revenues (€ million)	271	283	- 12	- 4.2	288
EBITDA adjusted (€ million)	19	26	- 7	- 26.9	32
EBIT adjusted (€ million)	- 22	- 16	- 6	+ 37.5	- 4
Gross capital expenditures (€ million)	13	19	- 6	- 31.6	11
Employees as of Jun 30 (FTE)	4,413	4,287	+ 126	+ 2.9	4,335

Performance development in Western Europe declined sharply in the first half of 2023: this was due in particular to developments in the United Kingdom and France:

- Declines in demand due to the economic situation and strikes had a negative impact on DB Cargo UK.
- At DB Cargo France, in particular strikes led to a decline.
- As a result of the strikes in France and the United Kingdom, Spain also saw reductions in traffic to Germany and to the United Kingdom.

Economic development was weaker and remained challenging. The operating profit figures declined due to additional burdens. Income growth was more than offset:

- **Revenues:** A slight increase resulted from price adjustments, which were partially offset by performance-related declines and negative exchange rate effects. Adjusted for exchange rate effects, growth was more significant.
- **Other operating income:** Also a slight increase; strike-related compensation payments in the United Kingdom were mainly offset by lower income from locomotives, freight cars and land sales. Adjusted for exchange rate effects, the increase was more significant.

The increase in expenses was driven primarily by the cost of materials:

- **Cost of materials:** Increase, mainly as a result of, in parts, significantly increased costs for energy (especially at DB Cargo France) and maintenance. Performance-related declines and positive exchange rate effects had a contrary effect, partly reducing expenses.
- **Other operating expenses:** Increase, among other factors, for costs related to a lost lawsuit in France and a renewed increase in travel activity. Adjusted for exchange rate effects, the increase was even more significant.
- **Personnel expenses:** Development in line with the first half of 2022. Tariff effects and an increase in the number of employees were offset, among other things, by positive exchange rate effects.

In contrast, the slight decrease in depreciation had a dampening effect.

Capital expenditures decreased as a result of a change in the accounting of major overhauls. In addition, there were delays in various capital expenditure projects.

The number of employees increased, especially in the operative areas of traction unit drivers and maintenance staff.

EASTERN EUROPE REGION

⟼ *Decreases in performance as a result of the war in Ukraine were more than compensated by new inland transport.*

⟼ *Burdens due to increased factor costs, especially for energy.*

EASTERN EUROPE REGION	H 1 2023	H 1 2022	Change absolute	Change %	H 1 2019
Freight carried (million t)	9.0	8.8	+ 0.2	+ 2.3	7.5
Volume sold (million tkm)	2,654	2,555	+ 99	+ 3.9	2,377
Volume produced (million train-path km)	4.2	4.2	-	-	3.9
Total revenues (€ million)	255	179	+ 76	+ 42.5	176
External revenues (€ million)	159	107	+ 52	+ 48.6	116
EBITDA adjusted (€ million)	25	18	+ 7	+ 38.9	13
EBIT adjusted (€ million)	8	6	+ 2	+ 33.3	3
Gross capital expenditures (€ million)	25	17	+ 8	+ 47.1	4
Employees as of Jun 30 (FTE)	4,213	3,965	+ 248	+ 6.3	3,893

The performance development in Eastern Europe was slightly positive, driven by new traffic in Poland and Romania.

As a result, operating profit figures also improved significantly. The main reason for this was the development of income:

- **Revenues:** Significant increase due to new traffic and price effects. Adjusted for exchange rate effects, the increase was somewhat less pronounced.
- **Other operating income:** Significant increase at a low level, mainly due to higher income from insurance benefits at DB Cargo Polska.

On the expense side, there was a significant but disproportionately low increase arising from volume and performance factors.

- **Cost of materials:** Appreciable increase, mainly due to the development of demand and rising prices for energy and purchased transport services. Maintenance expenses also increased as a result of a change in the accounting for major overhauls previously shown as capital expenditures. Adjusted for exchange rate effects, the increase was somewhat less pronounced.
- **Other operating expenses:** Increase due to higher repairs of locomotives in Romania. In Poland, the employment of temporary workers available in the short-term was also intensified as a result of the positive business development. Effects from additions to provision for cargo damage in Poland also increased expenses.
- **Personnel expenses:** Increase, mainly tariff-related. In addition, DB Cargo Romania significantly expanded its workforce as a result of the positive business development.
- **Depreciation:** Capital expenditure-related increase.

Gross capital expenditures increased significantly due to the extension of existing long-term rental contracts for locomotives in Romania and Hungary. Investment grants decreased as capital expenditures in Poland were supported by the EU in the previous year.

The number of employees increased as a result of the performance development in Romania.

FLS

⟼ *War in Ukraine and energy price increases result in massive decreases in demand on the Eurasian corridor.*

⟼ *Additional decline in demand due to uncertainties regarding further economic development.*

FLS	H 1 2023	H 1 2022	Change absolute	Change %	H 1 2019
Total revenues [1] (€ million)	311	336	- 25	- 7.4	-
External revenues [1] (€ million)	253	269	- 16	- 5.9	-
EBITDA adjusted (€ million)	11	11	-	-	-
EBIT adjusted (€ million)	8	8	-	-	-
Gross capital expenditures (€ million)	4	3	+ 1	+ 33.3	-
Employees as of Jun 30 [1] (FTE)	688	648	+ 40	+ 6.2	-

[1] Figure for the first half of 2022 or respectively as of June 30, 2022, adjusted.

The economic development of the FLS line of business was at the level of the first half of 2022. Income and expenses decreased to the same extent:

- **Revenues:** Decrease due to losses in Eurasia business as a result of the war in Ukraine was partially offset by the takeover of business from DB Cargo Italia Services (special services), which was reported in the Central Europe region in the previous year.
- **Other operating income:** Increase at a low level due to increased services for third parties.

On the expense side, there was a decrease driven by the cost of materials.

- **Cost of materials:** The decline was mainly driven by lower freight rates for truck transports.
- **Other operating expenses:** Decrease due to lower rent and damage payments.

In contrast, the increase in other expense items had a partially compensating effect:

- **Personnel expenses:** Increase, primarily due to the higher number of employees.
- **Depreciation:** Capital expenditure-related increase at a low level.

Gross capital expenditures increased due to long-term renewals of rental contracts.

The number of employees increased mainly due to the allocation of DB Cargo Italia Services to the FLS line of business.

INFRASTRUCTURE

Development in the relevant markets

In the first half of 2023, train-path demand was clouded by cyclical declines in freight transport. Passenger transport, on the other hand, recorded a stable development in the demand for train-paths, meaning that, despite the EVG strikes, the sales result of the previous year in passenger transport was slightly exceeded. The effects of awarded tenders within local transport led to a shift in market shares from intra-Group to non-Group railways.

In addition, the continued strong restrictions due to the necessary investments in the rail network are still reducing capacity.

The number of station stops was at the level of the first half of 2022. The market share of intra-Group railways in rail passenger transport decreased compared to the previous year.

Garmisch-Partenkirchen train accident

Investigations into the tragic train accident in Burgrain near Garmisch-Partenkirchen on June 3, 2022, are still ongoing. DB Group is working very closely with the investigating authorities. As a purely precautionary measure, extensive actions were implemented in 2022 following the accident (inspection and replacement of concrete ties 44).

Inspection and replacement of concrete ties

Since summer 2022, DB Group has been running a precautionary program for the inspection and replacement of concrete ties. The inspection program was initiated as a result of the train accident in Garmisch-Partenkirchen on June 3, 2022. The cause of the accident has not yet been conclusively determined. Based on current knowledge, defective concrete ties seem to have led to the tragic accident. Immediately after the first suspicion of a possible manufacturing defect as the cause of the accident, DB Group initiated a special inspection program for concrete ties. Initially, around 200,000 ties of a particular construction type and manufacturer were included nationwide.

Additional material-technical investigations showed some irregularities in the material quality of the ties. Further detailed investigations show that a specific type of rock used in the production of concrete ties could also be responsible for the damage. As a further consequence, based on these findings, DB Group tested a further 130,000 ties with the same type of rock nationwide in November 2022. The inspection program was extended to include other manufacturers.

From the outset, the following was and still continues to apply: wherever DB Group discovers particular abnormalities in the concrete ties during its inspections, these are replaced as soon as possible. In order to ensure safety in railway operations, trains can only travel at lower speeds until the concrete ties are replaced in the affected sections of the line. In some cases, DB Group has to close lines even before the actual construction work begins.

DB Group has also set up a group of internal and external experts to continuously examine possible further preventive measures for the maintenance of concrete ties. In April 2023, DB Group once more tightened the regulations for monitoring concrete ties. DB Group has used findings from inspections and investigations carried out so far as an opportunity to extend the already high standards of existing inspection and maintenance processes: according to these findings, stricter criteria will apply in the future when classifying damaged concrete ties manufactured using the same type of rock.

As a result of this preventive inspection program, DB Group is replacing around 480,000 concrete ties in 2023. This involves around 400 additional construction sites in the rail network, which have a significant impact on passengers and freight transport customers. DB Group is working hard to remedy all impairments as quickly as possible.

DB Group will compensate affected train operating companies for the damages actually incurred in connection with the inspections of the concrete ties and the resulting measures. In 2022, DB Netz AG agreed on compensation payments to intra-Group and non-Group customers totaling € 9 million. The current regulations will continue to apply to the current extension of the program.

Development of the infrastructure

In 2023, € 16.1 billion is expected to be spent on renewing and maintaining the network, stations and energy facilities. This includes LuFV funds (grants and own contribution) amounting to € 6.6 billion, around € 3.4 billion for maintenance and € 2.7 billion for projects of the requirement plan as well as funds for the existing network outside the LuFV, such as the Municipal Transport Financing Act, DSD 14 or the Climate Action Program, totaling around € 3.1 billion. In addition, DB Group's rail infrastructure companies will make advance payments of around € 2 billion of their own funds in 2023 for replacement capital expenditures (for example to compensate for the effects of inflation) and additional maintenance expenses, which will also be invested in the upkeep of the rail infrastructure. These upfront payments are to be replaced by Federal funds in 2024.

- In the Stuttgart 21 project, the last of the 28 chalice-shaped supports for the future through station was concreted in the first half of 2023. The shell construction work in the tunnels has largely been completed, and the construction work for the track and railway equipment is already underway almost everywhere.
- In April 2023, further progress was made in addressing the flood damage from 2021. A 24-km section of the Eifel line between Kyllburg and Gerolstein in Rhineland-Palatinate was restored. The tracks destroyed during the disastrous flooding and nine bridges were modernized. At the same time, the construction teams pulled many kilometers of cables for new technical equipment and signals. Six modern interlocking modules were also built.
- In May 2023, the information center for the new construction line Dresden—Prague opened in Heidenau, Saxony. Multimedia exhibits provide information on topics such as Czech-German cooperation, the line, geology and the tunnel construction. The meeting place also invites visitors to get to know the people behind the project and to enter into dialogue about the diverse insights.

CONSTRUCTION BEGAN IN THE FIRST HALF OF 2023

PROJECT NAME	PROJECT DESCRIPTION
Leipzig—Dresden expansion line (German unification transport project no. 9)	3rd construction phase: new construction of the Dresden interchange building
Berlin—Dresden expansion line	Conversion of Zossen station

At the end of the first half of 2023, a total of 211 requirement plan and Municipal Transport Financing Act projects were in planning and under construction.

Further information on the projects is available on the BauInfoPortal Web site.

DB Netze Track business unit

GENERAL FRAMEWORK

Train-path prices for 2024 approved

By resolution dated March 30, 2023, the BNetzA approved the fees for the 2024 train-path pricing system (TPS). Due to the ninth amendment to the Regionalization Act (RegG), which entered into force on April 25, 2023, it is currently not possible to implement the planned increases in the train-path usage fees of 3.5% for long-distance rail passenger transport, 2.0% for rail freight transport and 3.0% for regional rail passenger transport. With the amendment to the RegG, the coupling of the train-path usage fees of the regional rail passenger transport was lifted and capped at 1.8% p.a. for the schedule years 2023/2024 and 2024/2025. The BNetzA subsequently initiated a procedure for possible partial cancellation and new approval of the 2024 TPS. The outcome of the procedure cannot be estimated at the present time.

Initial level and upper limit for overall costs set

By resolution dated March 7, 2023, the initial level of the overall costs of the second regulatory period for DB Netz AG and DB RegioNetz Infrastruktur GmbH was set at a total of € 6,378 million.

Arbitration processes for the Rastatt Tunnel

In September 2017, DB Group and the Rastatt Tunnel working group agreed to conduct an evidence-gathering and arbitration process in order to clarify the causes and therefore to establish responsibility. The proceedings were suspended on a provisional basis for settlement negotiations between the parties on the basis of an interim report from the technical arbitration expert on the causes of the accident and a proposal from the legal expert on the allocation of responsibilities.The parties are seeking an overall agreement, which will take at least another year. The further construction and modernization of the damaged area have been removed from the arbitration process; with the exception of the production of the east piping, the services of the working group have now been completed. The Rhine Valley rail line was temporarily relocated in spring 2022 in order to be able to renovate the damaged east tunnel from above via an open excavation pit. The excavation pit enclosure is currently being built, with the demolition of the tunnel boring machine expected to start in the summer of 2023. The first settlements were concluded with the train operating companies affected by the line closure as a result of the accident (in consultation with the working group and its insurance companies). The working group and its insurance companies initially bear the settlement payments agreed with the train operating companies in the amount of the proposal made by the legal expert.

DIGITALIZATION AND INNOVATION

Mobile network expansion ahead of schedule

The expansion of a mobile network offering full coverage along the rail is progressing faster than planned. Deutsche Telekom has already provided 200 Mbit/s LTE for phoning and using the Internet on 97% of DB Group's main lines. Deutsche Telekom has built around 300 new cell phone towers and modernized or expanded 700 existing cell phone sites for the complete mobile coverage. In June 2021, DB Group and Deutsche Telekom agreed to provide the entire DB Group line network with high-performance mobile coverage by the end of 2026, and launch capital expenditure in the three-digit millions.

ENVIRONMENTAL MEASURES

- Green construction is a key area of action on the way to a climate-neutral DB by 2040 and complements the various project activities with the challenging Scope 3 emissions, in particular in the construction and maintenance of our infrastructure. Green building is also closely linked to our resource conservation targets. The topic was presented broadly to stakeholders and partners for the first time at a conference on green construction, which took place on February 7, 2023, through the Future of the Railroad Construction Industry (Zukunftsinitiative Bahnbau – ZIB) project. In a joint statement, DB Group, planners, the construction industry and the railway industry within the ZIB declared their joint responsibility for achieving the climate protection targets.

  A first successful pilot project from the ZIB is now being rolled out: with the resource-conserving modernization of vaulted bridges, around 50,000 tons of CO_2e can be saved in over 230 suitable projects in the next few years. The preservation of vaulted bridges is an active step toward climate protection because we can dispense with new construction and thus, for example, with an energy- and CO_2-intensive new reinforced concrete frame. The preservation of the building structure contributes to our sustainability targets, especially with regard to climate protection and resource conservation.
- Since 2023, we have refrained from using glyphosate 18 in Germany.

DEVELOPMENT IN THE FIRST HALF OF 2023

- *Punctuality weaker due to construction and higher network utilization.*
- *Revenues only slightly increased – strikes by EVG and high construction activity have a significant dampening effect.*
- *Higher expenses – especially for capacity and quality improvements – and cost increases are the driving force behind the significantly weaker profit development.*

DB NETZE TRACK	H 1 2023	H 1 2022	Change absolute	Change %	H 1 2019
Punctuality DB Group (rail) in Germany (%)	91.7	92.3	-0.6	–	94.2
Punctuality (rail) in Germany [1] (%)	90.7	91.5	-0.8	–	93.6
Train kilometers on track infrastructure (million train-path km)	557.5	562.6	-5.1	-0.9	542.3
thereof non-Group railways	217.5	205.4	+12.1	+5.9	179.9
Share of non-Group railways (%)	39.0	36.5	+2.5	–	33.2
Total revenues (€ million)	3,142	3,116	+26	+0.8	2,803
External revenues (€ million)	1,068	995	+73	+7.3	812
Share of total revenues (%)	34.0	31.9	+2.1	–	29.0
EBITDA adjusted (€ million)	102	834	-732	-87.8	708
EBIT adjusted (€ million)	-240	496	-736	–	379
Gross capital expenditures (€ million)	3,703	3,019	+684	+22.7	2,875
Net capital expenditures (€ million)	901	718	+183	+25.5	636
Employees as of Jun 30 (FTE)	54,316	51,976	+2,340	+4.5	48,021
Average employees (FTE)	53,624	51,787	+1,837	+3.5	47,545

[1] Non-Group and DB Group train operating companies.

Punctuality also declined in the first half of 2023 due to the continuing structural effects. The main reason for this is the high utilization of the track infrastructure, especially in the highly utilized bottleneck network, as a result of the traffic volume that is still increasing in some areas at the same time as there being limited infrastructure capacity. These restrictions are mainly caused by construction and maintenance measures as well as increased infrastructure disruptions.

Overall, train kilometers on track infrastructure declined slightly. The drivers were disruptions as a result of the EVG strikes 20 and due to high construction activity on the network. For intra-Group customers, train kilometers on track infrastructure declined as a result of the loss of traffic mainly in regional transport and the business development in rail freight transport. The takeover of transport by non-Group customers was able to partially compensate for the negative effects.

The economic development was particularly strained due to additional burdens and the omission of special effects from the first half of 2022. The income situation was weaker on the whole:

- **Revenues:** Slight increase; positive price effects were almost completely absorbed by strike- and construction-related negative effects.
- **Other operating income:** Significant decline (−29.8%/€ −173 million), partly as a result of the omission of income from property sales in the first half of 2022 and declining project income.

On the expense side, there were significant additional burdens, in particular for measures to expand capacity and improve quality, as well as from cost increases:

- **Cost of materials:** Strong increase (+40.2%/€ +451 million) is mainly due to significantly higher maintenance services (in particular in connection with quality and capacity measures and the replacement of concrete ties 44). In addition, energy expenses (mainly due to price; partial compensatory effects from the electricity price brake 6 are reported in the extraordinary result 25) and maintenance of vegetation and winter servicing.
- **Other operating expenses:** Significant increase (+32.1%/€ +192 million) resulted, among other things, from the Group levy 23 introduced in the first half of 2023 and from higher expenses for projects and IT services.
- **Personnel expenses:** Slight increase (+3.2%/€ +59 million), in particular as a result of the higher number of employees.
- **Depreciation:** Also a slight increase (+1.2%/€ +4 million).

Capital expenditures increased significantly, mainly as a result of higher capital expenditures in the existing network.

The number of employees increased significantly to cover demand and ensure succession planning, particularly in the areas of maintenance, construction projects and operations.

DB Netze Stations business unit

GENERAL FRAMEWORK

Approval procedure for station fees for 2023

BNetzA is currently reviewing the approval of the requested station fees for DB Station&Service AG for 2024. The Federal agency has exercised its extension option to consider the approval application and has extended the term of the procedure until assumption of approval to September 30, 2023.

Station program

Based on the experience gained from the 2020 and 2021 economic stimulus and tradesperson program, a station program was designed in 2022, the implementation of which is currently being discussed with the relevant partners. In order to ensure efficient, attractive access to rail and to contribute toward transport policy targets, stations must be developed holistically together with the Federal Government, the Federal states and local authorities. Experience in recent years also shows that customer satisfaction can be increased most significantly through holistic upgrading and development measures. This includes the actual transport infrastructure and the concourse building, as well as onward travel mobility and the station concourse. The measures are also necessary in order to reduce the large backlog. In 2023, DB Netze Stations will use DB funds to build the first 30 stations of the future. The methodology here can be found under Digitization and Innovation – Consolidation of the Station of the Future approach 49.

DEVELOPMENT OF THE INFRASTRUCTURE

Modernization, commissioning and construction of stations

- **Dortmund central station:** Work on the modernization of the central station with its eight platforms is expected to run until the first quarter of 2025. The entire station has been fully accessible since May 2023, with the commissioning of platform 4 and the elevator there. Work is currently underway on the sixth platform, which is scheduled to be put back into operation in December 2023.
- **Berlin Ostbahnhof (East Station):** Construction work on the hall roof is progressing. In May 2021, scaffolding platforms were set up to renovate the entire roof membrane, install new skylights and renew the corrosion protection on all of the roof girders. As of August 2023, the first partial shift of the scaffolding platforms is expected to make around one-third of the hall roof, in its new condition, visible to customers. The measures are expected to be completed by the end of 2024. The construction aid will be subsequently dismantled in 2025.
- **Duisburg central station:** Work has been underway since mid-2022 to renovate all platforms and to build the new hall roof. In mid-July 2023, the first of the six platforms, including its new hall roof, was approved for service again after the reconstruction. With the closure of the relevant tracks, the reconstruction of platform 5 will continue, which is to be completed by mid-2024. According to current planning, the entire project, which will also see a large proportion of the overhead wire around the central station renewed, will run until 2028.

DIGITALIZATION AND INNOVATION

Passenger information of the future

As part of the renewal of the passenger information facilities, a new central management and publication system (IRIS+) is currently being developed. In combination with the passenger information platform, this system is used to display information for passengers at the station. Following a successful pilot, the decision to launch it throughout Germany was reached in the fourth quarter of 2019. In June 2023, around 750 stations operated with the passenger information platform and IRIS+.

In addition to the transition of stations to IRIS+, innovations in customer information are also being prepared and introduced, for example the publication of substitute transport on the information boards in the station or digital car sequence plans on the platform based on real-time data in regional and long-distance transport. These innovations are expected to be seen in the second half of 2023.

At the same time, in the context of passenger information, preparations are underway for the introduction of the new systems at smaller stations: the next generation of the dynamic visual display (Dynamische Schriftanzeiger; DSA+) at the station will, in future, also be controlled via the new passenger information platform and IRIS+. All 6,800 displays are therefore being replaced across Germany. Around 100 of the new generation of displays have already been installed. Further rollouts are picking up speed.

WiFi at stations

At the end of the first half of 2023, our customers and station visitors were provided with free WiFi services at more than 600 stations. These services are implemented both through DB's own WiFi installations (available at 152 major hubs, including all central stations of the highest category) and through WiFi networks from cooperation partners. This means that the WiFi services at stations already reach more than half of all passengers each day.

Realignment of online channels

The realignment of online channels via the main channel to bahnhof.de was further expanded. The focus was on redesigning station information, accessibility and improving data quality. The first new functions for bicycle mobility and qualified bus replacement services, ran as a pilot for a corridor measure using the example of the Nuremberg–Würzburg line, have been integrated. The portal has been well received by customers and its reach has been significantly expanded.

Smart City at DB Station&Service

With Smart City | DB we are improving everyday life through smart, eco-friendly services and are better integrating stations into municipalities and cities. In 2023, we were able to implement further measures:

- **Click&Collect at stations:** By June 2023, around 300 new parcel stations with the Click&Collect service box – known as collection points – had been set up at stations. In cooperation with Deutsche Post DHL, the number of collection points is to be increased to around 800.
- **Mobility hubs:** In the mobility sector, further services were put in place at stations in 2023. For example, the Zuffenhausen and Böblingen stations were fitted with mobility hubs in cooperation with S-Bahn (metro) Stuttgart. The Hamburg-Harburg station was also connected in cooperation with Hamburger Hochbahn (HVV Switch), fitted with a mobility hub and put into operation. The largest mobility hub to date is located at Berlin Südkreuz station. There are plans for a total of 40 additional mobility hubs to be implemented at DB sites in 2023.
- **Coworking service:** The coworking service everyworks has expanded its network to eight locations. Cooperation locations were implemented in collaboration with partners in the immediate vicinity of the central stations in Hamburg and Erfurt.
- **Micro-depot:** With the micro-depot, we are focusing on a sustainable last mile and climate-friendly forwarding of shipments using vehicles such as cargo bikes. In 2023, a micro-depot was opened in Hamburg as part of a European funding project. Other locations in Berlin, Cologne, Munich and Dresden are currently being prepared in cooperation with the respective cities and logistics partners.
- **Smart City partnerships:** In April 2023, we held a hackathon together with our partner, the Free and Hanseatic City of Hamburg, where more than 100 participants developed innovative ideas around the topic of bicycles.

- **Urban analytics:** Data-driven analyses of onward travel mobility and climate factors in and around the station are being expanded in 2023 in order to plan and implement products and measures in a targeted manner in and around stations of the future and on the forecourts of these.
- **Quality of stay:** Product developments relating to the quality of stay will be further developed in prototype and minimum viable product status in 2023. Our self-developed outdoor furniture free-space kit will be available in the equipment catalog for station management from the third quarter. The combination of quality of stay and onward travel mobility is being tested at the Hamburg-Harburg site.

Consolidation of the Station of the Future approach

The integrated development of stations continues to pick up speed in 2023. Redesigned interiors, functional seating, advanced guidance systems and attractive forecourts are some of the aspects that are important for creating stations where people feel comfortable. On the basis of comprehensive findings, quality standards have been developed for each product line and combined to form a Stations of the Future methodology. The structured approach of this methodology and the standards behind it ensure a holistic consideration of our stations. The standards of this methodology are also defined jointly with the Federal Railway Office and the Federal Government. In 2023, modernization according to this methodology was initiated at 35 stations. The aim is to implement 30 of these stations effectively by the end of 2023.

Innovative offers at the station

- Since June 2023, the cashless 24/7 ServiceStore at Berlin's Ostbahnhof train station has been offering passengers a wide range of travel and daily needs. With the help of an app, the use of AI and state-of-the-art camera technology, it is possible to shop there quickly and around the clock. With this additional offer in the Ostbahnhof, DB Group is improving the service for around 80,000 passengers and visitors every day.
- In addition, we are testing various innovative vending machine concepts that create an additional offer for passengers at the stations and can be implemented on micro-surfaces. Since December 2022, the unmanned barista bar the moc has been providing passengers with barista specialities around the clock at Berlin's Ostbahnhof as part of a pilot project. The robotics-assisted preparation brings new technology to the station.

ENVIRONMENTAL MEASURES

- **Sustainable Railway Station:** Together with SNCF Gares& Connexions, we have developed a charter in which we define which criteria a station should meet in planning, construction and operation in order to be considered sustainable. It was signed in June 2023.
- **Bike+Ride Initiative:** The Bike+Ride Initiative green No. 156 supports municipalities in creating additional spaces to leave bicycles at stations nationwide. Since the start of the program in 2019, more than 15,000 parking spaces were implemented by mid-2023. Coordinated concepts are available for more than 50,000 parking spaces. Since 2021, we have advised over 70 municipalities on the implementation of bicycle parking garages at train stations via the "Information Center for Bicycle Parking at the Train Station."
- **DB Rad+ app:** With the DB Rad+ green No. 110 app, we promote intermodal travel chains combining bicycle and railway. Cyclists collect cycling kilometers in participating cities and can redeem them digitally from traders from the region and at the station in return for discounts and premiums. Since the start in April 2023, more than 3 million km have already been cycled in Berlin, with over 7 million km nationwide. Freiburg has also been involved since July 2023. Other cities are expected to follow in 2023. With the mobility data, the app provides a planning basis for the municipalities in order to further develop their bicycle infrastructure in line with their needs.
- **DB Radfix:** In 2022, our repair service DB Radfix green No. 151 was opened at Berlin Südkreuz and Karlsruhe Central Station was introduced. This makes it easy to book repairs and maintenance for bicycles online. 2023 additional locations have been added with the main railway station Freiburg and Hamburg-Bergedorf. More are planned.
- **Energy Management System:** In 2023, we are implementing energy-saving measures, such as the conversion to LED green No. 50, optimization of control technology or reduction of heat demand. In addition, measures for climate-friendly heat supply will be backed up by planning and implemented.

DEVELOPMENT IN THE FIRST HALF OF 2023

- *Demand trend more or less stable.*
- *Rental business continues to recover impressively after Covid-19-related restrictions.*
- *Additional burdens, among others due to price increases, especially for energy and maintenance.*
- *Measures implemented to save energy and to improve quality and customer satisfaction.*

DB NETZE STATIONS	H 1 2023	H 1 2022	Change absolute	Change %	H 1 2019
Facilities quality (grade)	2.77 [1]	2.78 [1]	- 0.01	–	2.89
Station stops (million)	77.8	77.7	+ 0.1	+ 0.1	76.2
thereof non-Group railways	23.5	21.9	+ 1.6	+ 7.3	19.4
Total revenues (€ million)	732	697	+ 35	+ 5.0	680
thereof station revenues (€ million)	509	495	+ 14	+ 2.8	451
thereof rental (€ million)	194	181	+ 13	+ 7.2	204
External revenues (€ million)	339	300	+ 39	+ 13.0	303
EBITDA adjusted (€ million)	89	142	- 53	- 37.3	201
EBIT adjusted (€ million)	6	61	- 55	- 90.2	123
Gross capital expenditures (€ million)	556	490	+ 66	+ 13.5	397
Net capital expenditures (€ million)	254	245	+ 9	+ 3.7	216
Employees as of Jun 30 (FTE)	7,316	6,992	+ 324	+ 4.6	6,002
Average employees (FTE)	7,170	6,955	+ 215	+ 3.1	5,936

[1] Preliminary figure (not rounded).

Facilities quality was at the level of the first half of 2022.

Station stops were at the level of the first half of 2022. Positive effects mainly resulted from increased traffic from non-Group customers. Lower demand due to strikes and restrictions due to construction work had a counterbalancing effect.

Economic development was weaker. Although revenues grew significantly, stronger increases in expenses led to a significant decline in operating profit figures, partly as a result of the implementation of additional measures to increase quality and capacity. Other drivers were additional burdens due, among other things, to higher energy and maintenance expenses due to price effects. The further recovery in rental business as well as price effects drove the income development and had a partly compensatory effect on the contrary:

- **Revenues:** Growth can be attributed in particular to a progressing recovery in the rental business following Covid-19-related losses and to an indexed, price-related increase in station usage fees. Drivers were non-Group customers due to takeover of traffic.
- **Other operating income:** Slight increase (+4.3%/€ +3 million). Growth, particularly in the marketing of advertising space to non-Group customers and from the reversal of provisions, was partially offset by lower grants due to the reporting date.

On the expense side, there were considerable additional burdens, in particular from cost of materials and personnel expenses:

- **Cost of materials:** Significant increase (+16.9%/€ +55 million) resulted mainly from higher energy expenses due to price and quantity (partial compensatory effects from the electricity price brake 6 are reported in the extraordinary result 25). In addition, expenses for measures to improve quality at our stations and for project-related maintenance increased.
- **Other operating expenses:** Increase (+25.0%/€ +31 million) resulted mainly from the Group levy 23 introduced in the first half of 2023 and from increased expenses for IT projects. In addition, among other things, the increase in travel activity and higher other personnel-related costs led to additional burdens.
- **Personnel expenses:** Slight increase (+3.0%/€ +7 million), mainly as a result of a higher number of employees.
- **Depreciation:** Capital expenditure-related increase (+2.5%/€ +2 million).

Gross capital expenditures increased significantly, mainly as a result of the modernization of existing transport stations and the construction of new ones. In addition, increased construction costs had an impact. With increased investment grants, net capital expenditures increased less significantly.

The number of employees increased as a result of an increase in staff, particularly in the construction and plant management sectors, in order to be able to implement higher investment volumes.

DB Netze Energy business unit

GENERAL FRAMEWORK

Procedure for defining traction current grid access

The procedure for defining the further development of the business processes for access to the traction current grid, which was initiated by BNetzA in 2019, was finalized in late June 2022. The definition ensured the transparency and enforceability of the access rules and improved communication deadlines for all market partners (electricity suppliers, train operating companies, vehicle owners and traction current grid operators). On this basis, both DB Netze Energy and the train operating companies, traction unit owners and other traction current suppliers are now working on the implementation of the new access rules by July 1, 2026. However, the definition has left some crucial implementation issues open.

In order to answer these open questions and to support the implementation of the definition on the part of the market partners, the traction current grid operator DB Netze Energy is currently in exchange with train operating companies and associations in order to jointly develop a list of implementation questions and to hand this over to BNetzA. At the same time, the traction current grid operator DB Netze Energy has launched a consultation of the electronic message formats, which is expected to be completed by the end of 2023.

ENVIRONMENTAL MEASURES

Expansion of renewable energies in the traction current portfolio

- **Offshore wind farms:** DB Netze Energy contributes to the new construction of the He Dreiht offshore wind farm of EnBW by concluding a long-term power purchase agreement. The final investment decision for the construction of the subsidy-free offshore wind farm was made this year by EnBW and the construction of the plant began. The contractual agreement with EnBW includes an annual delivery of around 80 GWh. The delivery starts from the commissioning of the offshore wind farm (planned for 2026) and takes place over a total period of 15 years.

Energy supply for alternative drives

- **HVO filling stations:** Further rail filling stations have switched from diesel to the climate-friendly biofuel HVO green. No. 164 for refueling rolling stock. In 2022, HVO was first made available to customers for refueling at the first five filling stations of DB Netze Energy. In the first half of 2023, a further seven locations were added, so that a total of 12 HVO filling stations will be available in June 2023. In addition, further HVO filling stations are planned.
- **Hydrogen supply:** DB Netze Energy has won a bidding process by the Bavarian Regional Railway (BRB) and will supply green hydrogen to the first hydrogen train for Bavaria. To this end, DB Netze Energy is building the hydrogen infrastructure in Augsburg, consisting of a filling station and a mobile storage trailer, which will go into operation at the end of 2023. The hydrogen multiple unit of the BRB will start its official passenger operation from 2024. This will replace a diesel multiple unit running on the Augsburg—Füssen and Augsburg—Weilheim route. This saves around 300 t of CO_2e per year.

DEVELOPMENT IN THE FIRST HALF OF 2023

→ *Revenue increases from traction current and stationary energy drive positive profit development.*

→ *During the first half of 2023, there was a noticeable easing in the energy markets.*

→ *Supply reliability stable at a high level.*

DB NETZE ENERGY	H 1 2023	H 1 2022	Change absolute	Change %	H 1 2019
Supply reliability (%)	99.99 [1]	99.99 [1]	-	-	99.99
Traction current (16.7 Hz and direct current) in GWh	3,717	3,833	-116	-3.0	4,031
Traction current pass-through (16.7 Hz) in GWh	1,258	1,150	+108	+9.4	717.9
Stationary energy (50 Hz and 16.7 Hz) in GWh	4,182	7,022	-2,840	-40.4	7,268
Diesel fuel (million l)	186.4	190.2	-3.8	-2.0	208.3
Total revenues (€ million)	2,136	1,946	+190	+9.8	1,410
External revenues (€ million)	961	1,051	-90	-8.6	640
EBITDA adjusted (€ million)	348	76	+272	-	65
EBIT adjusted (€ million)	310	35	+275	-	23
Gross capital expenditures (€ million)	116	102	+14	+13.7	67
Net capital expenditures (€ million)	37	27	+10	+37.0	23
Employees as of Jun 30 (FTE)	1,958	1,905	+53	+2.8	1,747
Average employees (FTE)	1,942	1,896	+46	+2.4	1,737

[1] Preliminary figure (not rounded).

The high level of supply reliability was maintained.

Volume development was uneven:

- **Traction current:** Sales declined mainly due to a lower demand for rail freight transport (at internal customers) and for regional transport. In addition, the strikes of the EVG 20 had a dampening effect.
- **Traction energy for non-Group customers:** The increase reflects above all traffic growth.
- **Stationary energy:** Electricity sales declined significantly due to a decline in business with industrial customers and reduced portfolio optimization measures in the energy market.
- **Diesel fuel:** Demand also declined, driven by the development of intra-Group customers in freight and regional transport. An increase in demand from non-Group customers had a partly compensatory effect.

Economic development was very satisfactory. Increased energy procurement expenses were more than offset by gains on the income side. Operating profit figures rose significantly.

Income increased noticeably:

- **Revenues:** The increase was driven by a significantly higher price level. This was counteracted by the decline in sales in traction current, stationary energy and diesel fuel sectors. In particular, the decline in demand in the area of stationary energy led to a decline in revenues from non-Group customers.

- **Other operating income:** The very strong increase in other operating income (€ +293 million) mainly resulted from refunds under the electricity price brake 6 (opposite effects in revenues as a result of complete transfer to customers).

On the expense side, there was an increase primarily due to prices:

- **Cost of materials:** The significant increase (+11.1%/€ +196 million) resulted from energy procurement expenses as a result of increased procurement prices for traction current and stationary energy as well as energy trading (partial compensatory effects from the electricity price brake 6 are reported in other operating income). The increase in prices significantly overcompensated the opposite effects from the decline in demand, particularly in the area of stationary energy.
- **Other operating expenses:** Expenses increase (+28.3%/€ +15 million) was mainly driven by the introduced Group levy 23 as well as increasing expenses for the operation and further development of IT systems.
- **Personnel expenses:** The slight increase (+1.3%/€ +1 million) resulted from the increased number of employees.

Depreciation fell slightly.

- **Depreciation:** Slight decline (−7.3%/€ −3 million) of depreciation on intangible assets.

Gross capital expenditures rose, particularly in the area of other energy supply systems (for example new construction of converter stations) within the framework of the Performance and Financing Agreement (LuFV) III. Investment grants increased less strongly compared to net capital expenditures.

The number of employees increased slightly, primarily in order to implement the higher project volume arising from the LuFV III and for digitalization.

Subsidiaries/Other

The Subsidiaries/Other area comprises the governance functions and the legally dependent service units of the holding company DB AG. The legally independent service units of DB Group and the independent operational services are also bundled in this segment. These are service units, which act in particular as internal service providers on behalf of the business units of DB Group.

DB VEHICLE MAINTENANCE

DB Vehicle Maintenance specializes in the field of heavy, safety-relevant maintenance and repair of rolling stock and their components. The aim is to increase the availability of vehicle fleets and to ensure greater safety on the rail.

- **Fit for the mobility transition:** We are expanding the maintenance depot in Neumünster and are investing around € 320 million. The expansion is necessary in order to be able to service and repair the new ICE L trains there in the future.
- **In 3D printing, the leader in the railway industry:** DB Group reached the level of 100,000 spare parts, which were produced using 3D printing technology. The 100,000th part is a gear housing for shunting locomotives. With a volume of just under 1 m^3 and a weight of 570 kg, it is also the largest and heaviest 3D printed part used by DB Group.

DB BAHNBAU

DB Bahnbau is the complete service provider for the planning, construction and maintenance of infrastructure facilities, in particular railway infrastructure, including the provision of railway transport services.

- **Expansion line 46/2 (Emmerich—Oberhausen):** The Emmerich—Oberhausen line is an important segment of European freight transport. Over a length of around 73 km, it is an important part of the freight transport corridor from Rotterdam to Genoa. DB Bahnbau takes over the technical management within a working group on behalf of DB Netz AG on a section between Dinslaken and Voerde. The construction works include, for example, the construction of the third track on an 11 km line, as well as the construction of supporting structures, passages and around 23 km of noise protection walls.
- **Erdpool:** Several million tons of earth and other excavations come together every year in Germany alone at major construction sites of DB Group. These are raw materials such as, among others, sand, gravel and clay, which have so far often been disposed of as waste in landfills. With the Erdpool project, DB Group is now marketing the proportion of reusable raw materials. Around 15 to 20% of the excavation can be marketed across all Erdpool projects. More than 150 customers count among its customer base. With Erdpool, DB Group brings raw materials into the economic cycle and thus contributes to conserving resources. In addition, DB Group saves on expensive disposal fees.

DB CONNECT

As a leading provider of networked mobility, DB Connect develops solutions for businesses, city governments and private customers. Modern sharing offers such as Flinkster or Call a Bike link rail and road efficiently and effectively. The digital products, such as the mobility budget Bonvoyo or DB Curbside Management, offer companies and municipalities modern and individual solutions for implementing the mobility transition.

- **Call a Bike** became the first provider of micromobility to switch to a rental system with fixed stations in the cities of Berlin, Cologne and Munich in 2023. Due to the increased availability at local public transport stops and stations, Call a Bike contributes to reliable connectivity and ensures an orderly cityscape.
- **Flinkster** car sharing and the Flinkster network are part of sustainable mobility in around 350 cities. This was again honoured with an award from the German Institute for Service Quality in 2023. Until 2024, IT-related improvements will be carried out on an ongoing basis, adapting the booking, billing and lending to current usage habits and offering customers a modern product experience.
- **Bonvoyo,** the mobility budget as a flexible and sustainable benefit for employees, continues to develop. In addition to displaying the CO_2 emissions of users, booking of, among other things, Call a Bike and Flinkster vehicles, all long-distance and regional transport offers can be reserved and booked directly from the app since April 2023. Bonvoyo as an integrated employer-financed payment method is constantly gaining new customers via the switch app of the Hamburger Hochbahn together with S-Bahn (metro) Hamburg. Integration into other apps is in progress.
- **DB Curbside Management** has been in use with Curbside Cockpit in Munich since the beginning of 2023 and supports the city in implementing its mobility planning and the management of sharing offers in urban areas. Throughout Germany, DB Curbside Management is already being used at 30 stations for the digital networking of local transport and sharing services. Another 20 locations are coming in 2023.

DB E.C.O.

The DB E.C.O. Group offers DB Group's engineering, consulting and operations know-how from a single source. These include DB Engineering&Consulting (DB E&C), DB International Operations (DB IO), infraView, ESE and inno2grid.

DB ENGINEERING&CONSULTING

- DB E&C and Systra will lead an international joint venture for the planning and construction of line 1 of Belgrade Metro in Serbia. The objective of the first metro project in the Western Balkans is to improve mobility, reduce CO_2 emissions and create an integrated public transport system. The nine-year project will be implemented in two phases, with completion planned for 2030. DB E&C will take over project management and technical supervision.

DB International Operations

- DB IO has received a major contract in India for the operation and maintenance of the first national high-performance transport project between Delhi, Ghaziabad and Meerut. The order volume is in the three-digit million euro range. Once fully commissioned, the system is expected to carry up to 800,000 passengers a day. To prepare for the operation of the first section, DB IO mobilized experts from various areas of DB Group and set up a local organization with 300 employees in divisions such as operations, maintenance, personnel, finance, procurement and IT. The commercial operation under the name RAPIDX will commence in the second half of 2023 on the first 17.5 km of the 82 km line.

infraView

- infraView has been supporting DB Long-Distance in semi-automated maintenance through artificial intelligence since 2023. The E-Check project is intended to automate routine activities in the maintenance of ICE trains. The ICE series 3 and 4 are now followed by the ICE 1, 2 and T.

DEVELOPMENT IN THE FIRST HALF OF 2023

- *Operating profit improvements, particularly as a result of the introduction of a Group levy and performance-related improvements at DB Operational Services.*
- *Digitalization and Group projects advanced.*
- *The number of employees increased, mainly in line with performance development.*

SUBSIDIARIES/OTHER	H 1 2023	H 1 2022	Change absolute	Change %	H 1 2019
Total revenues (€ million)	3,119	2,790	+329	+11.8	2,398
DB Business Services	1	0	+1	–	31
DB Operational Services	3,575	3,213	+362	+11.3	2,759
Other/consolidation	-457	-423	-34	+8.0	-392
External revenues (€ million)	351	314	+37	+11.8	280
EBITDA adjusted (€ million)	207	-49	+256	–	-119
EBIT adjusted (€ million)	-95	-328	+233	-71.0	-366
DB Business Services	-64	-38	-26	+68.4	-36
DB Operational Services	66	-22	+88	–	-59
Other	-97	-268	+171	-63.8	-271
Gross capital expenditures (€ million)	324	290	+34	+11.7	318
DB Business Services	1	1	–	–	2
DB Operational Services	224	164	+60	+36.6	202
Other	99	125	-26	-20.8	114
Net capital expenditures (€ million)	322	286	+36	+12.6	318
Employees as of Jun 30 (FTE)	60,447	58,975	+1,472	+2.5	54,926
DB Business Services	11,481	11,573	-92	-0.8	11,907
DB Operational Services	46,403	44,937	+1,466	+3.3	40,576
Other	2,563	2,465	+98	+4.0	2,443
Average employees (FTE)	60,284	58,657	+1,627	+2.8	54,502

The increase in total revenues was driven by higher revenues from intra-Group customers of DB Operational Services companies. This was mainly due to a higher demand for solutions for digitization and cybersecurity (DB Systel) as well as an increased project business in the areas of vehicles (DB Vehicle Maintenance) and construction, in particular in the rail infrastructure (DB Rail Construction). In addition, the services provided by DB Services and DB Security increased, mainly as a result of the continuing recovery in passenger transport demand, as well as the income from vehicle sales at DB Connect.

Revenues from non-Group customers increased considerably at a low level. This was mainly due to an increase in project business (DB Rail Construction, DB E.C.O.).

The operating profit figures in the Other area were significantly affected by corporate management functions performed for the business units. Since the first half of 2023, the apportionable costs have been passed on to the business units via a Group levy 23 (shown in other operating income). Adjusted EBITDA and adjusted EBIT were significantly better as a result. Adjusted for the positive effect of the introduction of a Group levy in the first half of 2023, profit growth was less strong.

Burdens resulted, among other things, from higher expenses for materials (mainly due to performance; in particular DB Vehicle Maintenance, DB Rail Construction and DB Systel) as well as personnel (essentially an increase in the average number of employees). The expenses for rents and travel expenses were also above the level of the first half of 2022. The partial transfer of activities of DB Sales 34 to DB Long-Distance, among other things, had a partly compensating effect.

The increase in capital expenditures was mainly due to higher capital expenditures in particularly the depot infrastructure at DB Vehicle Maintenance, as well as in mobile devices and the network infrastructure at DB Systel. Following delivery difficulties in the previous year, improved vehicle availability at DB Connect also led to an increase in capital expenditure activities. On the other hand, lower effects from the extension and adjustment of existing rental and leasing contracts at DB Real Estate partly compensated for this.

The number of employees increased, driven mainly by increased personnel at DB Operational Services companies, in particular in the DB E.C.O. Group, DB Systel, DB Vehicle Maintenance and DB Rail Construction resulting from expanded digitalization and quality measures, additional security requirements and an increase in the vertical range of production. This was offset by a decrease in the number of employees due, among other things, to the partial transfer of activities of DB Sales 34 to DB Long-Distance and the personnel service providers of DB Group.

DB Arriva business unit

DEVELOPMENTS IN RELEVANT MARKETS

DB Arriva has maintained its operational delivery throughout a challenging social and economic environment, emerging out of the Covid-19 pandemic. Whilst the changes in mobile/hybrid working and increased use of digital communication are expected to have longer-lasting effects on demand for local transport, demand for long-distance rail transport across Mainland Europe is approaching, and in some cases exceeding, pre-Covid-19 levels.

United Kingdom

- DB Arriva has supported the Department for Transport's (DfT) Bus Fare Cap Grant scheme. The scheme, which has applied to the vast majority DB Arriva's services in regions outside London, caps the maximum cost of a single ticket at £ 2. During the first three months of the scheme, DB Arriva UK Bus carried more than 8.3 million customers at the discounted rate. Over the same period, in addition to helping customers during the cost-of-living crisis, the cap also proved successful in encouraging more people to travel by bus, with some routes seeing ridership more than double.
- In May 2023, the government adopted a two-year financing agreement for the bus sector, setting out £ 300 million of funding to protect vital routes and improve services until 2025. The funding will help enable DB Arriva to continue to work with local authorities to plan, promote and grow services.

Mainland Europe

- There are significant challenges throughout Europe due to inflationary cost increases. The impact of this is partly mitigated through contractual indexation mechanisms and pricing, as well as DB Arriva's transformation program which has provided overhead and operational cost reduction. Driver shortages continue to be challenging, with alternative sources of labor being considered and initiatives put in place to reduce the impact of skills shortages.
- In the second half of 2022 as well as the first half of 2023, activities in some countries that are not part of the core business 57 were sold.
- DB Arriva continues to follow market opening developments in France very closely. The framework in which operators will need to deliver rail services in future was put in place in 2020/2021. The first regional rail transport contract was confirmed by Region Sud in October 2021, followed by Hauts de France in 2023. Most French regions are now in the process of opening up their rail networks to competition with several tender announcements expected in 2024.

ORDER BOOK

Awarded transport contracts

TRANSPORT CONTRACTS AWARDED (RAIL) – H1 2023		Term	Volume (million train km) p.a.[1]	total[1]
Czech Republic	Southern Moravia Rail (southern part)	12/2024–12/2034	1.4	13.8
Czech Republic	Plzen West Rail	12/2023–12/2038	0.7	10.7
The Netherlands	Twente ZHO (rail part of the contract)	12/2023–12/2027	1.6	6.2
Total			**3.6**	**30.7**

[1] Differences due to rounding are possible.

TRANSPORT CONTRACTS AWARDED (BUS) – H1 2023		Term	Volume (million bus km) p.a.[1]	total[1]
Slovakia	Trnava	01/2024–12/2033	10.3	103.0
United Kingdom	TfL Contracts x 11[2]	Variable	13.7	65.6
The Netherlands	Twente ZHO (bus part of the contract)	12/2023–12/2027	12.6	50.4
Hungary[3]	B3/B4	05/2023–Variable	16.6	33.1
Total			**53.2**	**252.1**

[1] Differences due to rounding are possible.
[2] Including extensions of existing contracts.
[3] Extension of the existing transport contract.

Major commissionings

- After winning the public tender in December 2022, DB Arriva Slovakia, under the ARRIVA Liorbus brand, launched new bus operations under a new contract on June 1, 2023.
- DB Arriva Croatia signed a new seasonal transport contract for services in summer 2023 with RegioJet, a private Czech railway and bus operator. Arriva's bus services will be tailored to connect with RegioJet's three times weekly train arrivals, providing onward travel from Rijeka and Ogulin to the Adriatic coastal holiday resorts.
- DB Arriva has been mobilizing a new contract in Hungary in the Budapest area with 162 new MAN vehicles entering service in three slots, during May, June and July 2023. The contract is for ten years with a potential two-year extension.

Major contract cessations

MAJOR CONTRACT CESSATIONS (BUS) 2022 – H 1 2023		Cessation	Million bus km p.a.	thereof versus H 1 2022
Czech Republic	Pardubicky Region	06/2022	4.3	-2.1
Total			**4.3**	**-2.1**

Order book

ORDER BOOK / € billion	Jun 30, 2023	Dec 31, 2022	Change absolute	Change %
DB Arriva	10.1	11.0	-0.9	-8.2
secured	7.5	7.9	-0.4	-5.1
unsecured	2.6	3.1	-0.5	-16.1

Revenues that are directly connected with transport contracts or concessions are either independent of (secured revenues, primarily concession fees) or dependent on (unsecured revenues, primarily revenues from fares) the number of passengers.

Overall, in the first half of 2023 the order book declined. The additions from transport contracts awarded of about € 1.3 billion were offset by disposals, mainly as a result of services rendered, of about € 1.6 billion and changes in assumptions of € –0.6 billion. The changes in assumptions mainly included the sale of activities in Denmark, Serbia and Poland (bus business).

DIGITALIZATION AND INNOVATION

- DB Arriva was able to further expand its MaaS offer (Mobility as a Service) in the Netherlands under the "glimble by Arriva" brand. In the first half of 2023, the number of glimble users grew by 35 % from 200,000 in January to 270,000 by the end of June 2023. glimble continues to launch new initiatives, including the travel packages launched in May 2023, which allow passengers to purchase ticket packages in advance, which can then be used flexibly and are thus better suited to more flexible working models. This is a completely new offering on the Dutch market. glimble has also entered into a partnership with Delft Hyperloop and together they actively promote what the future of sustainable travel will look like.
- DB Arriva in Croatia has introduced a customer loyalty program to retain and reward existing customers and attract new ones with added value offerings. Customers join the program via DB Arriva's mobile app, through the Web site or through other traditional methods. So far about 13,000 customers have joined with the number growing and expected to double towards the end of 2023.
- UK Bus has completed the introduction of a new telematics system for drivers throughout the fleet. An electronic ticketing system by Ticketer is fully integrated into this system and offers a single sign-on solution for drivers in Regional Transport. DB Arriva is the first British bus company that has managed to do this.
- In March 2023, UK Trains entered into a strategic partnership with a global leader in digital technology, Nagarro, to expand its digital customer platform Arriva Customer Engine (ACE). The aim is to improve the digital customer experience. The platform is currently used by Chiltern Railways and Grand Central Rail, as well as UK Bus. ACE is 100 % owned by DB Arriva and is used by customers to buy bus and train tickets and to gain access to real-time service information.

ENVIRONMENTAL MEASURES

- In April 2023, DB Arriva in Italy introduced 20 new CNG (compressed natural gas) buses for inter-urban transport in Brescia. In May 2023, six new all-electric buses were introduced for urban transport in the city of Cremona. Five more electric buses will be added to the fleet by the end of 2023. The urban fleet of 30 vehicles in Cremona is expected to be fully electrified by 2026.
- DB Arriva has put the first 100 % electrically powered bus fleet into operation in Madrid and has set up a new charging center. With the addition of 15 electric vehicles, DB Arriva makes Alcorcón the first city in the greater Madrid area to benefit from fully electrified city bus lines. This was made possible by the opening of the new Madrid depot in 2022, which is equipped with the latest charging systems for electric vehicles.
- In Slovakia, DB Arriva has participated in the operational testing of a hydrogen-powered bus in the city of Trnava. Further cooperations for the use of hydrogen-powered buses are planned with the regional authorities.
- In Slovenia, DB Arriva has put four electric buses into operation in the urban transport network of Kranj. By the end of 2023, four additional electric buses are to be added to the fleet.
- UK Bus plans to add 50 new electric buses to London's double-deck fleet in 2023. The new buses will bear the iconic London bus livery and will be coming into service between May and September 2023.

- In February 2023, DB Arriva received approval in the Netherlands for bus and train operation in Twente-ZHO. From December 2023, DB Arriva will operate bus and rail transport in this region for four years (with an option to extend by another year). DB Arriva will use over 100 brand-new emissions-free buses and about nine trains from the existing fleet.

INVESTMENTS

- **Sweden:** The sale of DB Arriva's activities in Sweden to the Finnish railway company, VR Group, was completed on July 1, 2022. The transaction resulted in a transfer of all DB Arriva activities and all employees in Sweden.
- **Portugal:** In May 2022, DB Arriva entered into an agreement with the Israeli transport company, Dan Group, to take over DB Arriva's remaining bus business in Lisbon/Portugal. The transaction was concluded on December 15, 2022.
- **Denmark, Serbia and Poland:** In September 2022, DB Arriva reached an agreement with financial investor Mutares on the sale of activities in Denmark and Serbia and of the bus business in Poland. The sales were completed in the first half of 2023: Denmark and Serbia on May 15, 2023 and the sale of the bus business in Poland on June 15, 2023. These transactions marked the completion of the reorganization of DB Arriva's portfolio (2022 Integrated Report 157), which aimed to concentrate on markets that are part of its core business.

OTHER EVENTS

- The latest official statistics published by the British Office for Rail and Road (ORR) confirms that the open-access operator Grand Central once again topped the list of rail transport operators with the highest relative increase in passenger numbers between April 2022 and March 2023 (113% of passengers based on the same period in 2019).
- In June 2023, DB Arriva in the Netherlands submitted an application to the authority for consumers and markets to start operating its first open-access international train service between the cities of Groningen in the north of the Netherlands and Paris/France. The proposed route will connect Groningen with Amsterdam, Rotterdam, Antwerp, Brussels and Paris from June 2026 with a journey time of just over five hours.
- In the Netherlands, DB Arriva started operating a second open-access night train between Groningen and Schiphol in January 2023. This followed the successful launch of the first open-access night train from Maastricht to Schiphol in December 2022.
- DB Arriva Rail London (ARL) received a contract extension of (up to) two years as the partner chosen by Transport for London (TfL) for the London Overground network. ARL has been operating the network since November 2016, after signing a seven-and-a-half-year contract with TfL. Following the extension of the contract, ARL is expected to operate London Overground until May 2026.

DEVELOPMENT IN THE FIRST HALF 2023

→ *Continued recovery following a return to positive EBIT in 2022, with continued growth in passenger numbers and improved financial performance, resulting in the majority of markets reporting profits in the first half of 2023.*

→ *The development was hampered by the still rising high inflation as a result of the war in Ukraine and the resulting impact on the cost of living. This includes strikes and increased wage demands. However, the impact was partly offset by close relations with the public-sector client bodies and support mechanisms in place within transport contracts.*

→ *The first half of 2023 was strongly influenced by the strategic decision to withdraw from countries that are not part of the core business.*

	H1		Change		H1
DB ARRIVA	**2023**	2022	absolute	%	2019
Punctuality (rail) (United Kingdom, Denmark, Sweden, the Netherlands, Poland and the Czech Republic) [1] (%)	90.8	92.4	-1.6	–	90.8
Passengers (bus and rail) (millions)	807.2	799.9	+7.3	+0.9	1,124
Volume sold (rail) (million pkm)	2,873	3,174	-301	-9.5	5,973
Volume produced (bus) (million bus km)	420.6	465.0	-44.4	-9.5	542.0
Volume produced (rail) (million train-path km)	42.0	54.8	-12.8	-23.4	81.4
Total revenues (€ million)	1,968	2,175	-207	-9.5	2,690
External revenues (€ million)	1,967	2,174	-207	-9.5	2,687
EBITDA adjusted (€ million)	187	197	-10	-5.1	326
EBIT adjusted (€ million)	43	-8	+51	–	101
Gross capital expenditures (€ million)	128	120	+8	+6.7	323
Employees as of Jun 30 (FTE)	34,618	41,877	-7,259	-17.3	52,590
Annual average employees (FTE)	37,058	42,518	-5,460	-12.8	53,305

[1] From July 2022, excluding the sold activities in Sweden (2022 Integrated Report 160).

The development in the first half of 2023 was influenced by two key factors:
- The sale and effects of preparing to sell activities in non-core countries (in particular in Sweden, with an effect on revenues of € –177 million), and
- The continued recovery from the effects of the Covid-19 pandemic.

Punctuality in rail passenger transport has decreased. This is largely due to UK Trains, where punctuality has been affected by infrastructure disruptions, speed restrictions and strikes.

The performance development has recovered strongly, but the pre-Covid-19 level has not yet been reached again. Overall, the recovery effects led to an increase in passenger numbers (bus and rail) and in rail transport volume produced. The sale of non-core activities had a dampening effect.

Adjusted EBIT improved significantly, mainly due to the ongoing transformation program, which created a framework for active management of the business and portfolio, targeted and focused capital expenditures, and the divestment of markets that are less attractive and do not form the core of the growth strategy (non-core activities). However, any positive effects from the ongoing recovery were absorbed by additional burdens.

The income situation was weaker on the whole:
- **Revenues:** The decline is mainly due to the sale of non-core activities, particularly in Sweden and Denmark, lower concession fees (especially at CrossCountry due to the contractual mechanism and higher tariffs) and negative exchange rate effects. Higher revenues from fares due to the recovery from the Covid-19 pandemic had a dampening effect.
- **Other operating income:** Significant increase (+17.5%/€ +25 million), partly due to the new government funding of the capped fare for UK Bus, partly offset by lower Covid-19-related support as a result of the recovery in demand and negative exchange rate effects.

The pressure on the expense side was relieved by effects from the sale of non-core activities and positive exchange rate effects. In contrast, price-related cost increases had a dampening effect:
- **Cost of materials:** The significant decline (–9.9%/€ –80 million) is mainly due to the sale of non-core activities, lower expenses for train-path usage fees (UK Trains) due to performance, and positive exchange rate effects. Higher energy prices (UK Bus) and the ongoing recovery associated with the Covid-19 pandemic had a negative impact.
- **Personnel expenses:** Noticeable decrease (–7.3%/€ –76 million), mainly due to the sale of non-core activities and positive exchange rate effects, partially offset by pay scale effects at UK Bus.
- **Depreciation:** Decrease (–29.8%/€ –61 million), mainly due to the sale of non-core activities.
- **Other operating expenses:** Decrease (–5.0%/€ –14 million), mainly due to the sale of non-core activities, in particular in Portugal, and positive exchange rate effects. The effects of the reclassification of management fees for the centralization of departments (which were offset in other operating income) and a higher share of external temporary workers (both UK Bus) had a dampening effect.

Capital expenditures increased as a result of developments in Hungary and Slovakia in connection with tenders awarded.

The number of employees decreased due to the sale of non-core activities.

UK Bus line of business

⟶ *Positive impact on performance development and revenues from new tenders awarded and indexation uplifts in London and regional areas.*

⟶ *Increased government support — new capped fare funding grant.*

⟶ *Cost increases due to driver shortages, inflationary pressures, wage effects and higher fuel prices.*

UK BUS LINE OF BUSINESS	H1 2023	H1 2022	Change absolute	Change %	H1 2019
Passengers (million)	292.1	262.5	+29.6	+11.3	353.7
Volume produced (million bus km)	141.8	143.0	-1.2	-0.8	172.8
Total revenues (€ million)	460	467	-7	-1.5	543
External revenues (€ million)	460	467	-7	-1.5	542
EBITDA adjusted (€ million)	24	47	-23	-48.9	59
EBIT adjusted (€ million)	-25	-1	-24	-	15
Gross capital expenditures (€ million)	22	19	+3	+15.8	28
Employees as of Jun 30 [1] (FTE)	13,187	13,302	-115	-0.9	15,475

[1] Figure for the first half of 2022 or respectively as of June 30, 2022, adjusted.

UK Bus saw an increase in the number of passengers following the end of Covid-19-related restrictions and due to the positive impact of ticket price capping.

Schedules were adjusted to match current service levels to demand, reducing regional transport services.

Economic development was weak. The disproportionate growth in expenses compared to income led to a decline in operating profit figures. Overall, income development was positive:

- **Revenues:** Slightly down due to negative exchange rate effects. Excluding exchange rate effects, the development was higher than in the first half of 2022. The increase due to performance development was almost offset by the elimination of vehicle sales in the first half of 2022 in the non-core business at DB Arriva Bus&Coach.
- **Other operating income:** Considerable increase, mainly due to the new state financing of the ticket capping and the reclassification of effects from the mineral oil tax reduction (offset in cost of materials). Among other things, the negative exchange rate effects had a dampening effect.

On the expense side, higher personnel expenses and a rise in the cost of materials led to an increase:

- **Personnel expenses:** Increase due to pay scale effects (mainly as a result of inflation). Positive exchange rate effects, among other things, had a dampening effect.
- **Cost of materials:** Increase due to the reclassification of effects from the mineral oil tax reduction (offset in other operating income). Among other things, the positive exchange rate effects had a dampening effect.
- **Other operating expenses:** Increase, among other things, due to a higher proportion of external temporary workers to cover the continuing lack of drivers. Partly offset by positive exchange rate effects.
- **Depreciation:** Depreciation was at the level of the first half of 2022.

Capital expenditures increased due to higher purchases of public service vehicles (PSVs).

The number of employees dropped slightly as a result of the suspension of bus transport in Winsford and the ongoing challenges related to sickness and operations.

UK Trains line of business

⟶ *Improvements in revenues at CrossCountry and Chiltern Railways largely offset by cuts in government support.*

⟶ *Continued recovery of the Grand Central's passenger numbers leads to an improvement in profits.*

⟶ *Development influenced by the omission of one-off effects in the first half of 2022 (structural changes in the contract for Chiltern Railways).*

	H 1		Change		H 1
UK TRAINS LINE OF BUSINESS	**2023**	2022	absolute	%	2019
Passengers (million)	93.9	80.7	+ 13.2	+ 16.4	180.5
Volume sold (million pkm)	2,423	2,114	+ 309	+ 14.6	4,846
Volume produced (million train-path km)	23.8	24.0	- 0.2	- 0.8	55.0
Total revenues (€ million)	582	600	- 18	- 3.0	1,071
External revenues (€ million)	554	582	- 28	- 4.8	1,048
EBITDA adjusted (€ million)	16	16	-	-	105
EBIT adjusted (€ million)	9	5	+ 4	+ 80.0	38
Gross capital expenditures (€ million)	6	0	+ 6	-	179
Employees as of Jun 30 (FTE)	4,786	4,759	+ 27	+ 0.6	10,965

The performance development at UK Trains was mainly driven by the sustained Covid-19 recovery process.

Economic development was better, but still challenging. Positive effects from the ongoing recovery were partly offset by additional expenses.

Due to exchange rate effects, income development was below that of the first half of 2022:

- **Revenues:** Slightly down due to negative exchange rate effects. Adjusted for these effects, revenues increased slightly due to the indexation at Rail London and the increase in revenues for Grand Central. Lower government grants to CrossCountry as a result of the contract structure had a counteracting dampening effect.
- **Other operating income:** Nearly at the level of the first half of 2022.

On the expense side, positive exchange rate effects led to a decrease:

- **Cost of materials:** Decrease mainly due to positive exchange rate effects and lower expenses for train-path usage (performance-related). In contrast, higher maintenance expenses and increased costs were due to the ongoing recovery at CrossCountry.

- **Depreciation:** Significant decline at Chiltern Railways, where the assets were fully depreciated in 2022.
- **Other operating expenses:** Development in line with the first half of 2022.

The increase in personnel expenses had an offsetting effect:

- **Personnel expenses:** Considerable increase, mainly due to pay scale effects, were largely offset by positive exchange rate effects.

Capital expenditures increased, mainly due to the elimination of a one-off effect at Chiltern Railways in the first half of 2022 (new National Rail contract).

The number of employees was nearly at the level of the first half of 2022.

Mainland Europe line of business

⟶ *Core business with overall positive development – mostly favorable fuel prices, including the advantage of delayed indexation of prices for 2022 (especially in the Czech Republic and Hungary). Sustained recovery from the Covid-19 impact on net cost contracts.*

⟶ *Sale of activities in Sweden, Portugal, Denmark, Serbia and the bus business in Poland influenced the development in the first half of 2023.*

⟶ *Inflation-related cost increases and fuel cost reductions were largely offset by indexation.*

MAINLAND EUROPE LINE OF BUSINESS	H1 2023	H1 2022	Change absolute	Change %	H1 2019
Passengers (bus) (million)	401.4	403.8	- 2.4	- 0.6	527.7
Passengers (rail) (million)	19.8	52.9	- 33.1	- 62.6	62.6
Volume sold (rail) (million pkm)	449.8	1,059	- 609.2	- 57.5	1,127
Volume produced (bus) (million bus km)	278.8	322.0	- 43.2	- 13.4	369.2
Volume produced (rail) (million train-path km)	18.2	30.9	- 12.7	- 41.1	26.4
Total revenues (€ million)	974	1,214	- 240	- 19.8	1,165
External revenues (€ million)	946	1,126	- 180	- 16.0	1,097
EBITDA adjusted (€ million)	166	166	-	-	182
EBIT adjusted (€ million)	67	22	+ 45	-	70
Gross capital expenditures (€ million)	97	100	- 3	- 3.0	106
Employees as of Jun 30 (FTE)	16,402	23,492	- 7,090	- 30.2	25,725

The sale of activities that are not part of the core business 57 results in a limited comparability with the first half of 2022.

The performance development differed. Positive effects due to a recovery in demand were offset by the impact of the sales:

- **Rail transport:** The decline in performance is due to the sale of activities in Sweden and Denmark. Recovery effects had a positive impact.
- **Bus transport:** The number of passengers increased, primarily due to the recovery from Covid-19, partly compensated by the sales. Volume produced and volume sold decreased due to the effects of the sales.

Economic development was driven primarily by the sales, effective portfolio management and recovery after Covid-19. Adjusted EBIT increased significantly:

- **Revenues:** The decrease is due to the effects of the sales and exchange rate effects, partially offset by the continued recovery in demand, as well as indexing and price effects in the Netherlands.
- **Other operating income:** Increase due to the reclassification of effects from the sale of fuel and maintenance services in Slovakia and the Czech Republic (countereffect in revenues) and from income from renewable energy credits in the Netherlands (countereffect in cost of materials). The sales (especially Portugal) had a dampening effect.

The expense side was strongly influenced by declines as a result of the sales, partially offset by inflation-related cost increases:

- **Personnel expenses:** Sharp decline. Effects from lower numbers of employees (mainly due to the sales) and positive exchange rate effects were partly offset by higher costs, primarily due to inflation and the shortage of drivers.
- **Cost of materials:** The decline is mainly due to the sales. Inflation-related cost increases had a dampening effect.
- **Depreciation:** Here, too, the sales were key. Adjustments to the useful life of assets also had a positive impact.
- **Other operating expenses:** Decrease mainly due to the reclassification of effects from the transfer of income from consortiums in Italy (countereffect in revenues) and the sales.

The increase in capital expenditures is due to greater capital expenditures in Hungary and Slovakia, resulting from awarded tenders.

The number of employees decreased significantly due to the sales.

DB Schenker business unit

DEVELOPMENT IN RELEVANT MARKETS

Land transport

EUROPE

The European land transport market is characterized by a stagnating transport demand coupled with partly dynamic price developments. The latter are driven in particular by inflation and continued scarce capacities. Smaller forwarding companies that cannot pass on the cost pressure to the freight forwarders are leaving the market, and the lack of drivers is exacerbating these developments. The progressive implementation of the EU Mobility Package, which regulates driving and rest periods and cabotage, has also led to uncertainties in transport schedules and to rising costs.

AMERICAS

Demand for land transport in North America was robust in 2022, but has slowed significantly since the third quarter of 2022. Both LTL (less than truck load) and FTL (full track load) forwarders generated record results in 2022, but had considerably lower revenues in the first quarter of 2023. This continued in the second quarter of 2023. The considerably increased fuel costs heightened operating costs, which have been largely passed on to customers so far. However, the last months of the first half of 2023 saw spot market prices fall significantly, which also has an impact on the current negotiation of contractual rates. Price pressure is felt in all North American countries, including Canada and Mexico. Volumes in South America were less affected and are generally driven by port activities and fluctuating demand.

ASIA / PACIFIC

The market for truck transports in Asia experienced a volatile start in 2023. On the one hand, we observed Covid-19 recovery effects in China after the easing of restrictions; on the other hand, overall declining transport volumes in national trade can also be observed in Asia. The international land transport market is robust, but with lower growth rates than in 2021 and 2022.

Air freight

In 2023, the air freight market began with a significant decline in volume, especially as a result of the drop in the transatlantic and Pacific business. From April 2023, the fall in volume was less severe but still noticeable. The war in Ukraine, inflation and global economic uncertainties have a significant impact on consumer demand, and thus on transport demand. High inventories (especially in the USA) and the shift from air to ocean freight also have a negative impact on demand. The normalization of travel by increasing passenger flights heightens freight capacity and, together with the weak demand, is putting pressure on freight rates.

Ocean freight

In 2023, the capacity offered by ocean freight was characterized by the dissolving of all congestion, a high number of new ship orders, suspended departures and a reduction in travel speed. The level of excess capacity is mainly determined by the last two aspects as well as the possible scrapping of old ships. In the course of 2023, ocean freight rates have therefore continued to fall from their all-time high, but at a much slower pace than in previous months. This trend was largely expected by market participants. At the end of June 2023, rates were slightly above the pre-Covid-19 level.

Contract logistics

Growth in contract logistics has generally slowed due to the increasingly difficult environment. The key growth drivers remain the Industrial / Aerospace verticals (across all regions) and Automotive (primarily in America), while the Electronics vertical is showing a mixed picture (shrinking in APAC, rising in Europe) and the share of the Consumer / Retail vertical continues to decline.

ENVIRONMENTAL MEASURES

- **Sustainable aviation fuel (SAF)** is available for all flights to all airports worldwide, which represents a considerable enhancement of our existing CO_2e-neutral air freight solutions. DB Schenker has already purchased over 15,000 t of SAF in the first half of 2023 – more than the total purchased in 2022.
- **More environmentally friendly ocean transport:** Together with the shipping companies MSC, CMA CGM and Hapag-Lloyd, DB Schenker offers environmentally friendly container transport on all trade routes by using high-quality biofuel. In total, DB Schenker bought 17,000 t of biofuel for 2023, and has thus made an advance contribution in order to achieve an actual reduction in greenhouse gases caused by ocean freight transport.
- **Climate-friendly land transport:** The number of battery-electric vehicles green No. 122 driven for DB Schenker in Europe was more than 200 in the first half of 2023. These include various models and manufacturers as well as the first

operational use of VOLTA trucks. In the first half of 2023, the first tests of hydrogen-powered fuel-cell electric vehicles (FCEV) green No.53 were also carried out. A first 40-ton truck is being used in daily transport between Cologne and Eupen/Belgium. In early 2023, DB Schenker also participated in first tests using e-trailers. According to initial results, the use of e-trailers enables fuel consumption savings of between 24 and 55%.

- **Eco warehouses:** In the first half of 2023, DB Schenker opened the 52nd eco warehouse in Incheon/South Korea. The KL2 Korean Logistic Center is a modern, environmentally friendly logistics hub with an area of almost 28,000 m². With the eco warehouse program green No.112 DB Schenker is continuing with the expansion of renewable energies, environmentally friendly technologies and the use of respective materials.
- **Circular Economy Logistics:** In 2023, for the first time we developed our own product – Circular Economy – for our global customers, which is aimed at the requirements and growing demand for reversing flows of goods and the expansion of circular supply chains. The main components of this product are returns management, specific IT integration and value-added services that enable the return, inspection, repair and sustainable recovery of goods. This lets us support our customers in keeping resources in circulation for as long as possible and without loss.

SUBSIDIARIES

- **USA Truck:** On September 15, 2022, DB Schenker and USA Truck completed the takeover of all outstanding USA Truck shares by DB Schenker. The merger underscores the DB Schenker and USA Truck objective of becoming a leading provider of transport solutions in North America. DB Schenker will expand its common market position in land transport in North America and use the expanded product range to strengthen the other products in North America.
- **EVAG:** On December 29, 2022, DB Schenker completed the sale of EVAG Emder Verkehrs und Automotive Gesellschaft mbH (EVAG). The sale was completed in order to focus on DB Schenker's core business.
- **MTS:** On August 1, 2022, DB Schenker and Wessels & Müller SE took over all outstanding limited partner shares in MarkenTechnikService GmbH & Co. KG (MTS). Wessels & Müller SE is already a long-term shareholder of the MTS Group.

DEVELOPMENT IN THE FIRST HALF OF 2023

→ *Overall, a very challenging market environment and a lack of economic stimulus.*
→ *Operating profit figures in all lines of business remain well above the pre-Covid-19 level.*
→ *Comprehensive measures to improve efficiency and digitalization.*

DB SCHENKER	H1 2023	H1 2022	Change absolute	Change %	H1 2019
Land transport shipments (million)	50.5	53.2	-2.7	-5.1	53.9
Air freight volume (export) (thousand t)	570.8	673.3	-102.5	-15.2	578.9
Ocean freight volume (export) (thousand TEU)	883.1	966.2	-83.1	-8.6	1,115
Total revenues (€ million)	10,080	14,162	-4,082	-28.8	8,525
External revenues (€ million)	10,067	14,129	-4,062	-28.7	8,491
Gross profit margin (%)	39.6	30.6	+9.0	–	35.9
EBITDA adjusted (€ million)	1,011	1,486	-475	-32.0	499
EBIT adjusted (€ million)	626	1,186	-560	-47.2	238
EBIT margin (adjusted) (%)	6.2	8.4	-2.2	–	2.8
Gross capital expenditures (€ million)	324	299	+25	+8.4	261
Employees as of Jun 30 (FTE)	75,424	75,424	–	–	75,981
Average employees (FTE)	76,047	75,626	+421	+0.6	76,041

Volume development declined overall. The generally weak market development as a result of a lack of economic stimulus and uncertainties regarding further developments could only be partially offset.

Economic development, driven by air and ocean freight, was considerably weaker: operating profit figures declined in almost all regions, but remained well above the pre-Covid-19 level. Accordingly, gross profit also declined noticeably (–7.8%). Adjusted for exchange rate effects, the decrease was somewhat less pronounced.

The income development was weaker due to considerable revenue declines:

- **Revenues:** Sharp decrease as a result of lower freight rates, particularly in air and ocean freight and due to exchange rate effects.
- **Other operating income:** Significant increase (+17.7%/€ +22 million), among other things as a result of higher income from insurance benefits and a one-off effect in connection with a lease in contract logistics.

Expenses were driven mainly by freight rate developments. In contrast, the effects of measures to improve productivity had a reducing effect:

- **Cost of materials:** Significant decline (–37.6%/€ –3,720 million) as a result of freight rate and volume developments, particularly in air and ocean freight. Exchange rate effects also had the effect of reducing expenses.

In contrast, the increase in other expense items had a partially compensating effect:

- **Personnel expenses:** Increase (+4.6 %/€ +90 million) due to a higher average number of employees and higher personnel costs, among other things. Adjusted for exchange rate effects, the increase was even more pronounced.
- **Depreciation:** Increase (+28.3 %/€ +85 million) due to capital expenditures (including leasing). Exchange rate effects, in contrast, had an expense-reducing effect.
- **Other operating expenses:** Increase (+5.0 %/€ +47 million) resulted, among other things, from higher expenses for insurance, more intensive travel activities, and in connection with projects. Positive exchange rate effects had a dampening effect.

Capital expenditure activity increased. The increase was mainly due to leasing activities. The capital expenditure priorities were the Europe, America and Asia regions. Adjusted for exchange rate effects, the increase was even more pronounced.

The number of employees was unchanged as of June 30, 2023. The average number of employees increased as a result of the development in land transport.

Land transport line of business

→ *High freight rates drove the development – shipment volume declined, however.*

→ *Quality improvements with positive effects.*

→ *Further promoting digital transformation and optimizing the product and customer mix, the network and an even more sustainable product range.*

LAND TRANSPORT LINE OF BUSINESS	H 1 2023	H 1 2022	Change absolute	Change %	H 1 2019
Land transport shipments (million)	50.5	53.2	- 2.7	- 5.1	53.9
Total revenues (€ million)	4,103	3,846	+ 257	+ 6.7	3,638
External revenues (€ million)	4,094	3,835	+ 259	+ 6.8	3,606
EBITDA adjusted (€ million)	292	238	+ 54	+ 22.7	175
EBIT adjusted (€ million)	122	140	- 18	- 12.9	95
Employees as of Jun 30 (FTE)	24,750	22,846	+ 1,904	+ 8.3	21,868

Demand in land transport dropped, driven by declines, particularly in system and parcel transport. Uncertainties regarding economic development, inflation and the effects of the war in Ukraine were the main drivers. Conversely, the volume of direct shipments increased.

On the other hand, the economic development was very encouraging; operating profit figures developed positively as a result of a disproportionate increase in income:

- **Revenues:** Increase due in particular to generally higher sales prices. In contrast, demand development had a dampening effect. Adjusted for exchange rate effects, the increase was even more pronounced.
- **Other operating income:** Increase mainly due to higher income from the release of provisions.

Developments on the expenses side were characterized by price effects in the areas of direct, system and special transport. Compared with income, however, the increase was disproportionately low:

- **Personnel expenses:** Increase due to a higher number of employees. Adjusted for exchange rate effects, the increase was even greater.
- **Other operating expenses:** Increase due to reclassification of IT expenses within the business unit.
- **Cost of materials:** Slight increase, negative effects – mainly from price increases – were partly offset by positive exchange rate effects and declining demand.

The number of employees increased, due in part to the acquisition of USA Truck 62.

Air and ocean freight lines of business

→ *Considerable decline in demand due to weak market momentum.*

→ *Rising capacities and economy-related uncertainties characterize the development.*

→ *Significant decrease in freight rates on the main routes of ocean freight again to pre-Covid-19 level.*

→ *Air freight: implementation of projects to improve efficiency and stabilize profitability.*

→ *Ocean freight: business recovery in trade fairs and major projects, which were under pressure due to Covid-19.*

AIR AND OCEAN FREIGHT LINE OF BUSINESS	H 1 2023	H 1 2022	Change absolute	Change %	H 1 2019
Air freight volume (export) (thousand t)	570.8	673.3	- 102.5	- 15.2	578.9
Ocean freight volume (export) (thousand TEU)	883.1	966.2	- 83.1	- 8.6	1,115
Total revenues (€ million)	4,591	8,683	- 4,092	- 47.1	3,531
External revenues (€ million)	4,589	8,680	- 4,091	- 47.1	3,530
EBITDA adjusted (€ million)	428	977	- 549	- 56.2	128
EBIT adjusted (€ million)	389	943	- 554	- 58.7	101
Employees as of Jun 30 (FTE)	13,666	14,079	- 413	- 2.9	13,972

Performance development saw a significant decline:

- **Air freight:** Negative effects, mainly due to higher inventories, weak market impulses owing to inflation, and the shift in transport demand back to ocean freight following the restrictions of recent years, could only be partially offset.
- **Ocean freight:** In line with market developments, volumes were also significantly below the level of the first half of 2022.

Economic development was significantly weaker: the adjusted operating profit figures weakened again after the extraordinarily high increases in previous years, but remained very much above the pre-Covid-19 level. Income decreased:

- **Revenue:** Significant decline, mainly due to the freight rate and performance development. Air freight trends from the end of the previous year continued. Rising capacities and declining demand led to a drop in the freight rate level, putting pressure on prices for new contracts. High capacities and declining demand also led to significantly lower freight rates in ocean freight. At the end of the first half of 2023, freight rates returned to pre-Covid-19 levels; in some cases, they were lower. Adjusted for exchange rate effects, the decrease in revenues was somewhat less pronounced.
- **Other operating income:** Increase at a low level, mainly as a result of increased income from the release of provisions in air freight.

On the expenses side, the development of freight rates was particularly noticeable:

- **Cost of materials:** Significant decline, mainly due to the development of freight rates and lower demand. Adjusted for exchange rate effects, the decrease was somewhat less pronounced.

In contrast, the increase in other expenses had a dampening effect:

- **Other operating expenses:** Increase due to reclassification of IT expenses within the business unit.
- **Personnel expenses:** The increase resulted from the employment of more qualified employees (higher complexity of the handling procedures due to rapidly changing conditions related to rate and bottleneck management). Negative exchange rate effects and a lower number of employees had a contrary impact on expenses.

The number of employees decreased as a result of business development.

Contract logistics line of business

→ *Revenue development declined in a difficult market environment.*

→ *Operating profit figures improved.*

→ *Measures to improve productivity and profitability with positive contribution to result.*

CONTRACT LOGISTICS LINE OF BUSINESS	H1 2023	H1 2022	Change absolute	Change %	H1 2019
Total revenues (€ million)	1,386	1,616	- 230	- 14.2	1,356
External revenues (€ million)	1,385	1,615	- 230	- 14.2	1,355
EBITDA adjusted (€ million)	257	236	+ 21	+ 8.9	165
EBIT adjusted (€ million)	114	101	+ 13	+ 12.9	41
Employees as of Jun 30 (FTE)	22,003	23,114	- 1,111	- 4.8	24,293

The disposal of MTS 62 resulted in restrictions on comparability to the first half of 2022.

The development in contract logistics followed the overall market thanks to its diversified portfolio that covers different geographic regions and market sectors.

The economic development was very encouraging in a challenging market environment: adjusted profit figures rose, driven by a decrease in expenses. Income also fell, but to a lesser extent:

- **Revenues:** Significant decrease due to the sales of MTS and EVAG 62 and the internal transfer of individual businesses in Germany. Adjusted for these effects, there was a slight increase, mainly as a result of business development in Europe. Adjusted for exchange rate effects, the decrease was less pronounced.
- **Other operating income:** Increase at a low level, mainly as a result of a one-off effect in connection with a lease.

Expenses development saw a decline:

- **Cost of materials:** Significant decrease due to the sale of MTS, the internal transfer of individual businesses and lower operating costs for the maintenance of warehouses. Adjusted for exchange rate effects, the decrease was somewhat less pronounced.
- **Other operating expenses:** Here, too, the decline was mainly driven by the sale of MTS and the internal transfer of individual businesses. Positive exchange rate effects also had a reducing effect on expenses.
- **Personnel expenses:** Decrease due to a significantly lower average number of employees.

The development of depreciation had a contrary effect:

- **Depreciation:** Increase as a result of the conclusion of lease contracts for storage capacity.

The number of employees declined significantly, partly as a result of the MTS sale.

OPPORTUNITY AND RISK REPORT

Our business activities are associated with risks as well as opportunities. Our business policy therefore aims to take advantage of opportunities through our opportunity management system, while also actively managing those risks identified within the framework of our risk management system. There were no material changes to DB Group's risk management system (2022 Integrated Report 172ff.) in the first half of 2023.

At the time of writing, ongoing collective bargaining negotiations – and those scheduled for fall 2023 – have not yet been concluded. It is not possible to rule out more extensive strike action in 2023.

The opportunity and risk assessment is carried out in relation to the updated expected development of DB Group 68f. in 2023, with reference to the adjusted operating profit (EBIT adjusted). Compared with the assessment as of December 31, 2022 (2022 Integrated Report 174) the overall assessment has deteriorated significantly in relation to the EBIT forecast for the 2023 financial year:

- For the forecast of EBIT development for the 2023 financial year 68, factoring in countermeasures, there are further risks in the amount of € 0.7 billion (thereof very likely (>70 % probability of occurrence): € 0.0 billion). These risks mainly relate to the economy, the market and competition, production and technology, procurement and the energy market, and law and contracts.
- The chances for EBIT development exist in the amount of € 0.1 billion (thereof very likely: € 0.1 billion); they also result from the areas of procurement and the energy market, as well as production and technology.

Depending on the market conditions, the purchase prices for raw materials, energy, and transport and construction services may fluctuate significantly. Prices remain at a high level. In addition, prices may rise again later in 2023 due to weather conditions (drought in summer, cold in winter). Risks relating to energy costs and construction prices are expected here.

The Federal Government's budgetary allocation is of crucial relevance for the quality and expansion of infrastructure capacity when it comes to implementing the mobility transition in Germany. We therefore assume that a significant increase in funds for infrastructure from the Federal Government is required. If the Federal funds for infrastructure are not increased significantly above the current Federal budget line proposals, then there would be considerable risks for network quality, transport services and economic development.

In the context of a cost review for the Stuttgart 21 project, due in the second half of 2023, the total value could increase due to further increases in prices for construction services and raw materials.

According to our analyses of risks, countermeasures (including financial support from the Federal Government), hedging and provisions, as well as in line with the opinion of the Group Management Board based on the current risk assessment and our mid-term planning, there are no risks that, individually or jointly, would pose a threat to the assets, financial situation or results of operations of DB Group.

EVENTS AFTER THE BALANCE SHEET DATE

No events of particular significance occurred after the end of the reporting period.

OUTLOOK

At the time of writing, ongoing collective bargaining negotiations – and those scheduled for fall 2023 – have not yet been concluded. It is not possible to rule out more extensive strike action in 2023.

Economic outlook

ANTICIPATED DEVELOPMENT / %	2022	2023 (Mar forecast)	2023 (Jul forecast)
World trade	+ 4.3	- 1.0	- 1.0
GDP world	+ 3.1	+ 1.5	+ 2.0
GDP Eurozone	+ 3.5	+ 0.5	+ 1.0
GDP Germany	+ 1.9	+ 0.0	+ 0.0

As of May 2023. Forecast for 2023 rounded to nearest half percentage point.
Source: Oxford Economics

The global economy is expected to grow moderately in 2023. Slowing global inflation and strong economic growth in Asia had a particularly positive impact. On the other hand, a slight decline in world trade is expected, mainly due to high inventory levels. In the European Economic Area, high inflation and higher interest rates in 2023 are having an even greater impact on economic development and only marginal growth is expected. In Germany, especially in the first half of 2023, development is being noticeably curbed by weak investments and private consumption. Stagnation is expected overall in 2023, with recovery effects likely to come at the end of 2023 at the earliest.

Transport markets

PASSENGER TRANSPORT

ANTICIPATED MARKET DEVELOPMENT / %	2022	2023 (Mar forecast)	2023 (Jul forecast)
German passenger transport (based on pkm)	+ 13.5	+ 4.5	+ 2.5

As of July 2023 – with updated baseline data for 2022.
Forecast for 2023 rounded to nearest half percentage point.

In 2022, the German passenger transport market recovered noticeably, with growth reaching 13.5 %, however it remained well below the pre-Covid-19 level. Recovery effects are expected to continue in 2023, but to a lesser extent. The development of transport demand also depends on factors such as transport policy measures and economic development. The significant declines in commuter traffic and business travel seen during the Covid-19 pandemic have, contrary to previous assumptions, been rather slow to recover.

- Although motorized individual transport is expected to continue to grow in 2023, it is only now approaching the pre-Covid-19 level. Persistently high fuel prices caused by the war in Ukraine are having a dampening effect.
- Domestic German air transport is expected to claw back further Covid-19-related losses in 2023. However, the market share is likely to remain at a low level.
- Public road passenger transport is expected to increase noticeably once again. The introduction of the Germany-Ticket 3 should have a positive effect on local transport. Long-distance bus transport is expected to perform more poorly by comparison.
- Continued growth in regional and long distance rail passenger transport is expected. Regional transport will benefit greatly from the Germany-Ticket.

In European passenger transport, too, development will be specific to the mode of transport and will vary from region to region. However, the progressive climate policy of the EU and its member states remains the long-term driver of development in environmentally friendly public mobility, including rail passenger transport in particular.

FREIGHT TRANSPORT AND LOGISTICS

ANTICIPATED MARKET DEVELOPMENT / %	2022	2023 (Mar forecast)	2023 (Jul forecast)
German freight transport (based on tkm)	- 0.4	+ 0.8	- 1.2
European rail freight transport (based on tkm)	- 0.2	+ 0.6	- 1.4
European land transport (based on revenues)	+ 2.2	- 0.3	+ 0.6
Global air freight (based on t)	- 4.6	- 4.3	- 6.0
Global ocean freight (based on TEU)	- 3.9	+ 1.5	0.0
Global contract logistics (based on revenues)	+ 7.1	+ 4.9	+ 3.1

Following a stagnation in freight transport performance in the previous year, a slight decline in the overall market is expected in Germany in 2023 due to high inflation, low stimulus from core industries and high purchasing prices. In the second half of 2023, the decline in demand should lessen slightly. The market is expected to continue to be characterized by sustained competitive pressure. Due to economic development in the first half of 2023 being significantly weaker than expected, almost all transport market forecasts for 2023 as a whole have been adjusted.

- Rail freight transport in 2023 is expected to be slightly below the previous year. It is unlikely that declines in energy-intensive industries and declines in combined transport can be offset by heavy-coal and mineral-oil transports or the catch-up effects of automotive transport. The demand for green transport continues to be high, meaning that, as the economy picks up, moderate growth is expected in the years to come.
- Road freight traffic is expected to decline even more significantly in 2023 than in the previous year. The weak construction economy, due to the sharp rise in interest rates, and moderate consumer sentiment are likely to cause declining transport volumes and spare capacity on the market in the second half of 2023. The acute shortage of drivers is likely to continue.
- Despite the significant drop in volume sold in inland waterway transport in the previous year, no catch-up effects are expected for 2023. Inland waterway transport is also not expected to benefit from the positive development of coal transport and growth is not expected despite the low level of the previous year. Weather dependency remains a risk.
- Assuming that the European economy will recover in the second half of 2023, the European rail freight transport market should stabilize. However, a decline in volume sold is expected for 2023 on the whole.
- The development of demand in the European land transport market is expected to develop in 2023 only slightly above the previous year's level. Inflation is likely to remain high and inhibit demand. The weak production in Europe is expected to persist for several months and a slight recovery will not be felt until the second half of 2023.
- The currently weak development in air and ocean freight gives little hope of a rapid recovery against the backdrop of rising capacities, and greater volumes in both segments are expected only in the second half of 2023; however, air freight will be unable to compensate for the drop in demand from the first half of 2023. Higher rates in global air freight transport could develop at the start of the peak season in the third quarter.
- Due to the slowing economy, the contract logistics market is expected to continue its growth at a significantly lower level in 2023. Declining volume effects in some regions will be able to be offset by higher prices in others.

INFRASTRUCTURE

For the second half of 2023, positive development is forecasted for train-path demand, especially due to passenger transport. For rail freight transport, a slight recovery in the macroeconomic environment is expected, meaning that the previous year's figure can be reached by the end of 2023.

Station stops are expected to experience continual development over 2023. The market share of the non-Group railways is increasing overall compared to the previous year.

Rental income at the stations continued to develop positively in 2023. Despite the currently uncertain development of the economic environment, we expect results to be slightly higher than in the previous year.

Procurement markets

As a baseline scenario, we continue to expect hardly any physical bottlenecks on the procurement side for DB Group in 2023. Energy prices (natural gas and electricity) have fallen but are at a higher level than before the war in Ukraine. It remains to be seen what effects these will have on production, especially in the second half of 2023. Producer prices are currently at a significantly higher level due to inflation remaining high and generally high collective bargaining agreements. Market stabilization forecasts for 2023 assume a significantly higher price level than before the substantial increase in 2021.

For the rest of 2023, it remains to be seen whether the fall in demand from producers due to high inflation since 2022 will continue and what positive effects this will have on prices.

There is likely to be little wiggle room for the price of CO_2 certificates to fall in the long term. The political will of the Federal Government and the European Commission to achieve a rapid climate-neutral transformation of the energy supply will make itself felt here.

Overall, the situation on the energy markets is currently more relaxed than at the end of 2022, though it is volatile. Spot prices on the electricity market will be significantly influenced by temperature changes, solar irradiance, water levels and wind volume.

The futures prices for gas and electricity, which are roughly twice as high as the previous normal levels, include a significant risk premium due to changed fundamentals in the last two years. In particular, the lack of Russian pipeline gas and the phase-out of coal and nuclear power has reduced reserves/buffers in the energy system with a lasting effect. Accordingly, new shocks pose a high risk of sharply rising prices.

Financial markets

We do not expect the yield level to change materially by the end of 2023. A consolidation of money market interest rates has not yet occurred in 2023. If central bank policy continues to tighten, there is the potential for money market rates to continue to rise, but not to the same extent as in previous months.

Future development of DB Group

- ⟼ *Performance development in rail transport influenced by performance quality and strikes somewhat weaker than previously expected.*
- ⟼ *Punctuality and customer satisfaction will not develop as much as previously expected.*
- ⟼ *Expectations for revenue development as a result of freight rate development at DB Schenker adjusted.*
- ⟼ *Implementation of the Strong Rail strategy driven further forward.*
- ⟼ *Capital expenditure activity continues to grow.*

TOP TARGETS FOR STRONG RAIL

ANTICIPATED DEVELOPMENT	2022	2023 (Mar forecast)	2023 (Jul forecast)
Passengers (rail) long-distance transport (million)	132.0	> 155	> 150
Passengers (rail) local transport (million)	1,605	~ 1,900	> 1,750
Volume sold rail freight transport (Germany) (billion tkm)	59.6	~ 62	> 60
Train kilometers on track infrastructure (Germany) (million train-path km)	1,133	> 1,130	> 1,130
Customer satisfaction DB Long-Distance (SI)	74.8	~ 77	77
Customer satisfaction DB Regional (rail)	70.1	~ 70	~ 68
Customer satisfaction DB Cargo [1] (SI)	67	~ 61	64
Punctuality DB Long-Distance (%)	65.2	> 70	~ 70
Punctuality DB Regional (rail) (%)	91.8	> 92	> 92
Punctuality DB Cargo (Germany) (%)	66.1	> 67	> 67
Share of renewable energies in the DB traction current mix in Germany (%)	65.2	67	67
Employee satisfaction [2] (SI)	3.9	-	-
ROCE (%)	2.8	~ -2	~ -2
Debt coverage (%)	13.1	~ 6	~ 6

[1] Survey conducted annually in spring.
[2] Survey conducted every two years.

Based on previous development and updated estimates, we have adjusted our expectations for development in the 2023 financial year:

- As a result of the challenging operating situation and the strike effects from the first half of 2023, we expect negative effects, particularly on the development of rail passenger transport, compared with our expectations from March 2023.
- Performance development in rail transport is expected to be somewhat weaker than previously thought due to performance quality and strikes in the first half of 2023.
- In addition, we expect punctuality development at DB Long-Distance to be somewhat weaker than previously thought due to the development in the first half of 2023.

ADDITIONAL KEY FIGURES FOR THE INCOME, FINANCIAL AND ASSET SITUATION

ANTICIPATED DEVELOPMENT / € billion	2022	2023 (Mar forecast)	2023 (Jul forecast)
Revenues adjusted	56.3	> 56	~ 51
EBIT adjusted	1.3	~ -1	> -1
Gross capital expenditures	15.4	> 18	~ 18
Net capital expenditures	6.8	> 8.5	> 8
Maturities	2.2	2.4	2.4
Bond issues (senior)	3.1	> 3	> 3
Net financial debt as of Dec 31	28.8	> 33	> 33

Based on the development to date and the current estimates for the second half of 2023, we have partially adjusted our expectations:

- Driven mainly by freight-rate development at DB Schenker, we now expect a significant decline in revenues.
- The income development in the first half of 2023 was better than expected. In the second half of 2023, however, we expect significant additional costs, especially from the upcoming collective bargaining agreements (including negative one-off effects from retroactive effectiveness) and the further ramp-up of maintenance measures in infrastructure (including negative one-off effects from the advance payments for future Federal funding).

  Overall, the operating loss (adjusted EBIT) should be slightly lower than previously expected, and below € 1 billion.

ADDITIONAL KEY FIGURES FOR THE GREEN TRANSFORMATION

ANTICIPATED DEVELOPMENT	2022	2023 (Mar forecast)	2023 (Jul forecast)
Specific greenhouse gas emissions compared to 2006 [1] (%)	- 42.1	- 39.9	- 39.6
Track kilometers noise-remediated in total as of Dec 31 (km)	2,202	2,255	2,255
Recycling rate (%)	96.7	> 95	> 95

[1] Excluding DB Arriva.

The forecasts for the other key Green Transformation figures remain unchanged.

Forward-looking statements

This management report contains statements and forecasts pertaining to the future development of DB Group, its business units and individual companies. These forecasts are estimates based on information that is available at the current time. Actual developments and profits may diverge from the current expectations as a result of the non-materialization of the assumptions upon which our forecasts are based or the materialization of risks such as those presented in the risk report.

DB Group does not assume any obligation to update the statements made within this management report.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

CONSOLIDATED STATEMENT OF INCOME

JAN 1 THROUGH JUN 30 OR RESPECTIVELY AS OF DEC 31 / € million	H 1 2023	H 1 2022	2022
Revenues	24,972	27,968	56,296
Inventory changes and other internally produced and capitalized assets	2,141	1,923	4,129
Overall performance	27,113	29,891	60,425
Other operating income	1,513	1,710	4,541
Cost of materials	- 13,342	- 16,502	- 33,623
Personnel expenses	- 10,244	- 10,029	- 20,300
Depreciation, amortization and impairments	- 2,072	- 1,946	- 3,998
Other operating expenses	- 2,644	- 2,343	- 5,777
Operating profit (EBIT)	**324**	**781**	**1,268**
Result from investments accounted for using the equity method	6	- 2	- 5
Net interest income	- 269	- 184	- 351
Other financial result	- 10	87	20
Financial result	**- 273**	**- 99**	**- 336**
Profit before taxes on income	**51**	**682**	**932**
Taxes on income	- 122	- 258	- 1,159
Net profit / loss for the period	**- 71**	**424**	**- 227**
Net profit / loss for the period			
thereof net profit / loss attributable to shareholder of Deutsche Bahn AG	- 97	400	- 274
thereof remuneration entitlement of hybrid capital investors	13	13	25
thereof net profit attributable to non-controlling interests	13	11	22
Earnings per share (€ per share)			
Undiluted	- 0.23	0.93	- 0.64
Diluted	- 0.23	0.93	- 0.64

Reconciliation of consolidated comprehensive income

JAN 1 THROUGH JUN 30 OR RESPECTIVELY AS OF DEC 31 / € million	H 1 2023	H 1 2022	2022
Net profit / loss for the period	- 71	424	- 227
Changes due to the revaluation of defined benefit plans	- 8	2,013	2,164
Change in items recognized directly in equity, which are not reclassified to the income statement	- 8	2,013	2,164
Changes resulting from currency translation	- 95	116	19
Changes resulting from market valuation of securities	0	0	0
Changes resulting from market valuation of cash flow hedges and reclassifications [1]	- 112	467	279
Share of profit items not recognized in the income statement due to investments accounted for using the equity method	1	- 6	- 9
Change in profit / loss items recognized directly in equity, which are reclassified to the income statement	- 206	577	289
Balance of profit / loss items covered directly in equity – other profits (before taxes)	**- 214**	**2,590**	**2,453**
Deferred taxes relating to revaluation of defined benefit plans	- 46	- 146	- 102
Changes in deferred taxes on profit items recognized directly in equity, which are not reclassified to the income statement	**- 46**	**- 146**	**- 102**
Deferred taxes relating to the change in the market valuation of cash flow hedges	8	- 16	- 4
Changes in deferred taxes on profit items recognized directly in equity, which are reclassified to the income statement	**8**	**- 16**	**- 4**
Balance of profit items recognized directly in equity – other profits (after taxes)	**- 252**	**2,428**	**2,347**
Comprehensive income	**- 323**	**2,852**	**2,120**
Comprehensive income			
thereof comprehensive income attributable to shareholder of Deutsche Bahn AG	- 344	2,828	2,077
thereof remuneration entitlement of hybrid capital investors	13	13	25
thereof comprehensive income attributable to non-controlling interests	8	11	18

[1] As of June 30, 2023, effects from diesel price hedging are no longer reported in comprehensive income (item "Changes in profit / loss items recognized directly in equity, which are reclassified to the statement of income") but outside comprehensive income in equity (item "± Hedging results reclassified during the year to the carrying amount of inventories acquired"). A corresponding change allocation in reporting as of June 30, 2022, or respectively December 31, 2022, would result in an increase of € 44 million and € 109 million in comprehensive income, respectively.

CONSOLIDATED BALANCE SHEET

Assets

€ million	Jun 30, 2023	Dec 31, 2022	Jun 30, 2022
NON-CURRENT ASSETS			
Property, plant and equipment	53,283	52,268	50,756
Intangible assets	2,851	2,854	2,411
Investments accounted for using the equity method	450	446	450
Other investments and securities	129	134	127
Receivables and other assets	2,721	2,273	1,951
Derivative financial instruments	524	559	714
Deferred tax assets	460	510	1,246
	60,418	**59,044**	**57,655**
CURRENT ASSETS			
Inventories	2,068	2,076	2,154
Other investments and securities	509	502	1
Trade receivables	5,708	6,334	7,282
Other receivables and other assets	3,137	2,803	2,345
Income tax receivables	95	65	80
Derivative financial instruments	158	189	271
Cash and cash equivalents	4,651	5,138	3,827
Held-for-sale assets	10	152	441
	16,336	**17,259**	**16,401**
Total assets	**76,754**	**76,303**	**74,056**

Equity and liabilities

€ million	Jun 30, 2023	Dec 31, 2022	Jun 30, 2022
EQUITY			
Subscribed capital	2,150	2,150	2,150
Reserves	4,640	4,901	3,406
Generated profits	5,395	5,489	5,759
Equity attributable to shareholder of Deutsche Bahn AG	**12,185**	**12,540**	**11,315**
Non-controlling interests	139	137	139
Hybrid capital	2,005	2,002	2,005
	14,329	**14,679**	**13,459**
NON-CURRENT LIABILITIES			
Financial debt	31,006	31,186	31,674
Other liabilities	888	933	440
Derivative financial instruments	464	329	243
Pension obligations	3,235	2,970	3,435
Other provisions	2,908	2,960	3,004
Deferred items	550	526	451
Deferred tax liabilities	233	241	263
	39,284	**39,145**	**39,510**
CURRENT LIABILITIES			
Financial debt	5,440	4,087	3,526
Trade liabilities	6,966	7,940	7,617
Other liabilities	4,721	4,463	4,108
Income tax liabilities	179	243	323
Derivative financial instruments	107	76	28
Other provisions	4,707	4,610	4,358
Deferred items	1,008	899	915
Liabilities in connection with assets held for sale	13	161	212
	23,141	**22,479**	**21,087**
Total assets	**76,754**	**76,303**	**74,056**

CONSOLIDATED STATEMENT OF CASH FLOWS

JAN 1 THROUGH JUN 30 OR RESPECTIVELY AS OF DEC 31 / € million	H 1		
	2023	2022	2022
Profit before taxes on income	51	682	932
Depreciation on property, plant and equipment and intangible assets	2,072	1,946	3,998
Write-ups / write-downs on non-current financial assets	6	- 27	- 40
Result of disposal of property, plant and equipment and intangible assets	- 53	- 126	- 25
Result of disposal of financial assets	0	6	4
Result of the sale of consolidated companies	27	-	- 36
Interest and dividend income	- 116	- 62	- 241
Interest expenses	385	246	589
Foreign currency result	- 15	- 67	- 10
Result of investments accounted for using the equity method	- 6	2	5
Other non-cash expenses and income [1]	850	573	1,574
Changes in inventories, receivables and other assets	280	- 1,648	- 10
Changes in liabilities, provisions and deferred items	- 1,155	332	- 283
Cash generated from operating activities	2,326	1,857	6,457
Interest received	66	26	74
Received (+) / paid (-) dividends and capital distribution	4	6	13
Interest paid	- 247	- 185	- 443
Paid (-) / reimbursed (+) taxes on income	- 218	- 206	- 457
Cash flow from operating activities	**1,931**	**1,498**	**5,644**
Proceeds from the disposal of property, plant and equipment and intangible assets	144	197	246
Payments for capital expenditures in property, plant and equipment and intangible assets	- 6,091	- 5,165	- 14,310
Proceeds from investment grants	3,204	2,662	8,603
Payments for repaid investment grants	- 96	- 81	- 92
Proceeds from sale and disposal of financial assets	39	25	56
Payments for investments in financial assets	- 271	- 164	- 892
Proceeds / payments from sale of shares in consolidated companies less net cash and cash equivalents sold	- 13	-	47
Payments for acquisition of shares in consolidated companies less net cash and cash equivalents acquired as well as for the acquisition of share in companies	-	- 5	- 272
Proceeds from disposal of investments accounted for using the equity method	0	0	17
Payments for additions of investments accounted for using the equity method	- 1	- 1	- 3
Cash flow from investing activities	**- 3,085**	**- 2,532**	**- 6,600**
Proceeds from capital injections	-	-	1,985
Distribution of profits to non-controlling interests and hybrid capital investors	- 16	- 15	- 34
Payments for redemption of leasing liabilities	- 565	- 526	- 1,059
Payments for redemption of IFRIC 12 leasing liabilities	- 8	- 8	- 16
Proceeds from issue of senior bonds	1,338	2,027	3,083
Payments for redemption of senior bonds	- 400	- 796	- 1,596
Payments for redemption and repayment of interest-free loans from the Federal Government	- 156	- 156	- 157
Proceeds from borrowings [2]	915	3	159
Payments for redemption of borrowings [2]	- 413	- 273	- 804
Cash flow from financing activities	**695**	**256**	**1,561**
Net change in cash and cash equivalents	**- 459**	**- 778**	**605**
Cash and cash equivalents as of Jan 1	5,138	4,591	4,591
Changes in cash and cash equivalents due to changes in the scope of consolidation	0	-	-
Changes in cash and cash equivalents of non-current assets held for sale	9	- 14	- 14
Changes in cash and cash equivalents due to changes in exchange rates	- 37	28	- 44
Cash and cash equivalents at the end of the period	**4,651**	**3,827**	**5,138**

[1] Including additions to other provisions.
[2] Including change in short-term bank borrowings between reporting dates.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ million	Subscribed capital	Reserves: Capital reserves	Currency translation	Fair value valuation of securities and investments	Fair value valuation of cash flow hedges	Revaluation of pensions	Other movements	**Total**	Generated profits	**Equity attributable to shareholder of Deutsche Bahn AG**	Hybrid capital	Non-controlling interests	**Equity**
As of Jan 1, 2022	2,150	3,546	25	5	- 87	- 2,499	- 12	**978**	5,357	**8,485**	2,002	134	**10,621**
+ Capital increase/injection	–	–	–	–	–	–	–	**–**	–	**–**	–	–	**–**
− Capital decrease	–	–	–	–	–	–	–	**–**	–	**–**	–	–	**–**
− Dividend payment/remuneration hybrid capital	–	–	–	–	–	–	–	**–**	–	**–**	- 10	- 5	**- 15**
− Withdrawal from capital reserve	–	–	–	–	–	–	–	**–**	–	**–**	–	–	**–**
± during the year to the carrying amount of inventories reclassified hedging results [1]	–	–	–	–	–	–	–	**–**	–	**–**	–	–	**–**
± Other changes	–	–	–	–	–	–	–	**–**	2	**2**	–	- 1	**1**
± Comprehensive income	–	–	116	- 6	451	1,867	–	**2,428**	400	**2,828**	13	11	**2,852**
thereof net profit (after taxes)	–	–	–	–	–	–	–	**–**	400	**400**	13	11	**424**
thereof currency effects	–	–	116	–	–	–	–	**116**	–	**116**	–	0	**116**
thereof deferred taxes	–	–	–	–	- 16	- 146	–	**- 162**	–	**- 162**	–	–	**- 162**
thereof market valuation/reclassification	–	–	–	0	467	–	–	**467**	–	**467**	–	–	**467**
thereof revaluation of defined benefit plans	–	–	–	–	–	2,013	–	**2,013**	–	**2,013**	–	0	**2,013**
thereof share of items not recognized in the income statement from investments accounted for using the equity method	–	–	–	- 6	–	–	–	**- 6**	–	**- 6**	–	–	**- 6**
As of Jun 30, 2022	**2,150**	**3,546**	**141**	**- 1**	**364**	**- 632**	**- 12**	**3,406**	**5,759**	**11,315**	**2,005**	**139**	**13,459**

€ million	Subscribed capital	Reserves: Capital reserves	Currency translation	Fair value valuation of securities and investments	Fair value valuation of cash flow hedges	Revaluation of pensions	Other movements	Total	Generated profits	Equity attributable to shareholder of Deutsche Bahn AG	Hybrid capital	Non-controlling interests	Equity
As of Jan 1, 2023	2,150	5,118	49	- 4	188	- 438	- 12	**4,901**	5,489	**12,540**	2,002	137	**14,679**
+ Capital increase/injection	–	–	–	–	–	–	–	**–**	–	**–**	–	- 5	**- 5**
− Capital decrease	–	–	–	–	–	–	–	**–**	–	**–**	–	–	**–**
− Dividend payment/remuneration hybrid capital	–	–	–	–	–	–	–	**–**	–	**–**	- 10	- 6	**- 16**
− Withdrawal from capital reserve	–	–	–	–	–	–	–	**–**	–	**–**	–	–	**–**
± during the year to the carrying amount of inventories reclassified hedging results [1]	–	–	–	–	- 12	–	–	**- 12**	–	**- 12**	–	–	**- 12**
± Other changes	–	–	–	–	–	–	- 2	**- 2**	3	**1**	–	5	**6**
± Comprehensive income	–	–	- 90	1	- 104	- 54	–	**- 247**	- 97	**- 344**	13	8	**- 323**
thereof net profit/loss (after taxes)	–	–	–	–	–	–	–	**–**	- 97	**- 97**	13	13	**- 71**
thereof currency effects	–	–	- 90	–	–	–	–	**- 90**	–	**- 90**	–	- 5	**- 95**
thereof deferred taxes	–	–	–	–	8	- 46	–	**- 38**	–	**- 38**	–	–	**- 38**
thereof market valuation/reclassification	–	–	–	0	- 112	–	–	**- 112**	–	**- 112**	–	–	**- 112**
thereof revaluation of defined benefit plans	–	–	–	–	–	- 8	–	**- 8**	–	**- 8**	–	0	**- 8**
thereof share of items not recognized in the income statement from investments accounted for using the equity method	–	–	–	1	–	–	–	**1**	–	**1**	–	–	**1**
As of Jun 30, 2023	**2,150**	**5,118**	**- 41**	**- 3**	**72**	**- 492**	**- 14**	**4,640**	**5,395**	**12,185**	**2,005**	**139**	**14,329**

[1] As of June 30, 2023, effects from diesel price hedging are no longer reported in comprehensive income (item "Changes in profit/loss items recognized directly in equity, which are reclassified to the statement of income") but outside comprehensive income in equity (item "± Hedging results reclassified during the year to the carrying amount of inventories acquired"). A corresponding change allocation in reporting as of June 30, 2022, or respectively December 31, 2022, would result in an increase of € 44 million and € 109 million in comprehensive income, respectively.

SEGMENT INFORMATION ACCORDING TO SEGMENTS

	DB Long-Distance		DB Regional		DB Cargo		DB Netze Track		DB Netze Stations		DB Netze Energy	
JAN 1 THROUGH JUN 30 OR RESPECTIVELY AS OF JUN 30 / € million	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
External revenues	2,791	2,052	4,683	4,433	2,746	2,521	1,068	995	339	300	961	1,051
Internal revenues	81	64	66	54	143	110	2,074	2,121	393	397	1,175	895
Total revenues	2,872	2,116	4,749	4,487	2,889	2,631	3,142	3,116	732	697	2,136	1,946
Other external income [2]	138	287	249	179	214	214	299	474	54	54	300	7
Other internal income	44	31	51	47	41	20	109	107	19	16	6	6
Inventory changes and other internally produced and capitalized assets	11	3	40	29	28	20	810	693	63	61	15	14
Total income	3,065	2,437	5,089	4,742	3,172	2,885	4,360	4,390	868	828	2,457	1,973
Cost of materials	-1,785	-1,470	-3,206	-3,020	-1,790	-1,674	-1,574	-1,123	-381	-326	-1,964	-1,768
Personnel expenses	-658	-619	-1,197	-1,176	-991	-969	-1,893	-1,834	-243	-236	-77	-76
Other operating expenses	-440	-339	-391	-333	-375	-341	-791	-599	-155	-124	-68	-53
EBITDA	**182**	**9**	**295**	**213**	**16**	**-99**	**102**	**834**	**89**	**142**	**348**	**76**
Depreciation [3]	-244	-204	-328	-316	-211	-200	-342	-338	-83	-81	-38	-41
Impairments recognized/reversed [3]	–	–	-5	-1	0	0	0	0	–	0	0	–
EBIT (operating profit/loss)	**-62**	**-195**	**-38**	**-104**	**-195**	**-299**	**-240**	**496**	**6**	**61**	**310**	**35**
Operating interest balance [4]	-33	-16	-2	-24	-36	-30	-53	-47	-9	-4	2	-4
Operating income after interest [4]	**-95**	**-211**	**-40**	**-128**	**-231**	**-329**	**-293**	**449**	**-3**	**57**	**312**	**31**
Property, plant and equipment	8,378	7,169	5,576	5,886	2,958	3,013	23,557	22,219	4,054	3,779	1,132	1,125
+ Intangible assets	222	59	445	70	225	208	250	217	74	66	1	2
thereof goodwill	0	0	6	6	0	0	–	11	–	–	–	–
+ Inventories	247	203	308	575	213	197	305	256	0	0	196	191
+ Trade receivables [5]	25	28	1,222	1,014	766	653	145	150	44	45	93	211
+ Receivables and other assets (excluding receivables from plan assets) [5]	561	228	1,679	1,066	258	249	608	485	34	33	214	219
− Receivables from financing and earmarked bank deposits [5]	–	–	–	–	–	–	–	–	–	–	–	–
+ Income tax receivables	–	–	0	0	4	4	0	0	–	–	0	0
+ Held-for-sale assets [5]	–	–	–	–	–	–	–	–	–	–	–	–
− Trade liabilities [5]	-303	-299	-570	-698	-545	-450	-656	-606	-87	-72	-577	-542
− Miscellaneous and other liabilities [5]	-598	-207	-1,563	-1,014	-218	-388	-834	-700	-204	-198	-100	-44
− Income tax liabilities	–	–	-1	-1	-4	-4	–	–	0	-2	–	–
− Other provisions [5]	-24	-26	-3,259	-2,691	-170	-166	-801	-940	-31	-36	-30	-29
− Deferred items	-601	-548	-394	-297	-14	-15	-164	-168	-101	-102	-1	-1
− Deferred liabilities [5]	-111	-99	-202	-191	-213	-198	-298	-292	-27	-25	-10	-11
− Liabilities due to assets held for sale [5]	–	–	–	–	–	–	–	–	–	–	–	–
Capital employed [5], [6]	**7,796**	**6,508**	**3,241**	**3,719**	**3,260**	**3,103**	**22,112**	**20,621**	**3,756**	**3,488**	**918**	**1,121**
Net financial debt	4,839	4,100	468	1,116	2,873	2,920	10,730	9,885	1,099	854	236	696
Investments accounted for using the equity method	0	0	5	5	29	28	2	2	0	0	–	–
Result from investments accounted for using the equity method	0	0	0	0	2	1	0	–	–	–	–	–
Gross capital expenditures	814	793	198	150	115	132	3,703	3,019	556	490	116	102
Investment grants received	–	–	-5	-5	-5	-15	-2,802	-2,301	-302	-245	-79	-75
Net capital expenditures	**814**	**793**	**193**	**145**	**110**	**117**	**901**	**718**	**254**	**245**	**37**	**27**
Additions due to changes in the scope of consolidation (acquisition of companies)	–	–	2	–	–	–	–	–	–	–	–	–
Employees [7]	20,501	18,852	38,414	37,594	31,578	30,931	54,316	51,976	7,316	6,992	1,958	1,905

1) Relating to special items and reclassification PPA amortization of customer contracts as well as the reconciliation of capital employed to the external figures.
2) Damage claims arising from the energy price break arising from the energy consumption of DB subsidiaries were reported under other operating income in the DB Netze Energy segment. At the Group level, the cost of materials decreased accordingly.
3) The non-cash items are included in the segment result shown.
4) Key figure from internal reporting, no external figures.
5) Content allocation in accordance with management reporting.
6) Profit and loss transfer agreements were not assigned to segment assets or liabilities.
7) The number of employees comprises the workforce, excluding vocational trainees, and dual degree students at the end of the reporting period (part-time employees have been converted to full-time employees).

Subsidiaries/Other		Consolidation		Integrated Rail System		DB Arriva		DB Schenker		Consolidation other		DB Group adjusted		Reconciliation [1]		DB Group	
2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
351	314	-	-	12,939	11,666	1,967	2,174	10,067	14,129	-	-	24,973	27,969	- 1	- 1	24,972	27,968
2,768	2,476	- 6,650	- 6,056	50	61	1	1	13	33	- 64	- 95	-	-	-	-	-	-
3,119	2,790	- 6,650	- 6,056	12,989	11,727	1,968	2,175	10,080	14,162	- 64	- 95	24,973	27,969	- 1	- 1	24,972	27,968
217	204	- 295	-	1,176	1,419	168	143	140	118	-	29	1,484	1,709	29	1	1,513	1,710
914	760	- 1,142	- 928	42	59	0	0	6	6	- 48	- 65	-	-	-	-	-	-
559	503	604	594	2,130	1,917	7	5	3	1	1	-	2,141	1,923	-	-	2,141	1,923
4,809	4,257	- 7,483	- 6,390	16,337	15,122	2,143	2,323	10,229	14,287	- 111	- 131	28,598	31,601	28	-	28,626	31,601
- 1,752	- 1,541	5,839	5,060	- 6,613	- 5,862	- 729	- 809	- 6,182	- 9,902	40	71	- 13,484	- 16,502	142	0	- 13,342	- 16,502
- 2,095	- 2,041	-	-	- 7,154	- 6,951	- 963	- 1,039	- 2,058	- 1,968	-	-	- 10,175	- 9,958	- 69	- 71	- 10,244	- 10,029
- 755	- 724	1,582	1,318	- 1,393	- 1,195	- 264	- 278	- 978	- 931	71	67	- 2,564	- 2,337	- 80	- 6	- 2,644	- 2,343
207	- 49	- 62	- 12	1,177	1,114	187	197	1,011	1,486	-	7	2,375	2,804	21	- 77	2,396	2,727
- 302	- 279	37	36	- 1,511	- 1,423	- 146	- 204	- 385	- 301	1	1	- 2,041	- 1,927	- 17	- 14	- 2,058	- 1,941
0	-	-	-	- 5	- 1	2	- 1	0	1	-	-	- 3	- 1	- 11	- 4	- 14	- 5
- 95	- 328	- 25	24	- 339	- 310	43	- 8	626	1,186	1	8	331	876	- 7	- 95	324	781
- 101	- 68	-	-	- 232	- 193	- 20	- 17	- 28	- 29	-	-	- 280	- 239	-	-	-	-
- 196	- 396	- 25	24	- 571	- 503	23	- 25	598	1,157	1	8	51	637	-	-	-	-
3,204	3,136	- 847	- 834	48,012	45,493	1,744	2,120	3,548	3,164	- 21	- 21	53,283	50,756	-	-	53,283	50,756
122	281	- 92	- 79	1,247	824	111	145	1,494	1,443	- 1	- 1	2,851	2,411	-	-	2,851	2,411
27	28	-	-	33	45	0	0	1,197	1,210	-	-	1,230	1,255	-	-	1,230	1,255
821	717	- 103	- 71	1,987	2,068	71	79	10	7	-	-	2,068	2,154	-	-	2,068	2,154
479	351	-	-	2,774	2,452	306	299	2,569	4,466	-	-	5,649	7,217	59	65	5,708	7,282
1,155	1,011	- 1,296	- 1,298	3,213	1,993	493	756	923	1,262	- 61	- 233	4,568	3,778	936	47	5,504	3,825
-	-	-	-	-	-	-	-	-	-	-	-	-	-	- 1,005	- 553	- 1,005	- 553
7	5	-	-	11	9	8	8	76	63	-	-	95	80	-	-	95	80
0	0	0	0	-	-	-	-	-	-	-	-	-	-	10	441	10	441
- 779	- 672	-	-	- 3,517	- 3,339	- 561	- 635	- 2,602	- 3,460	-	-	- 6,680	- 7,434	- 286	- 183	- 6,966	- 7,617
- 940	- 918	1,293	1,293	- 3,164	- 2,176	- 224	- 383	- 682	- 757	60	232	- 4,010	- 3,084	- 1,599	- 1,464	- 5,609	- 4,548
- 25	- 33	-	2	- 30	- 38	- 21	- 52	- 137	- 240	9	7	- 179	- 323	-	-	- 179	- 323
- 2,640	- 2,759	-	21	- 6,955	- 6,626	- 210	- 291	- 450	- 452	-	7	- 7,615	- 7,362	-	-	- 7,615	- 7,362
- 83	- 51	3	4	- 1,355	- 1,178	- 174	- 175	- 30	- 13	1	-	- 1,558	- 1,366	-	-	- 1,558	- 1,366
- 359	- 352	-	-	- 1,220	- 1,168	- 162	- 169	- 516	- 522	-	-	- 1,898	- 1,859	1,898	1,859	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-	- 13	- 212	- 13	- 212
962	716	- 1,042	- 962	41,003	38,314	1,381	1,702	4,203	4,961	- 13	- 9	46,574	44,968	-	-	46,574	44,968
8,319	8,626	-	-	28,564	28,197	1,052	1,177	662	1,130	-	-	30,278	30,504	-	-	30,278	30,504
360	356	-	-	396	391	43	48	11	11	-	-	450	450	-	-	450	450
2	- 4	-	-	4	- 3	1	0	1	1	-	-	6	- 2	-	-	6	- 2
324	290	26	7	5,852	4,983	128	120	324	299	-	-	6,304	5,402	-	-	6,304	5,402
- 2	- 4	-	-	- 3,195	- 2,645	- 5	- 17	- 4	-	-	-	- 3,204	- 2,662	-	-	- 3,204	- 2,662
322	286	26	7	2,657	2,338	123	103	320	299	-	-	3,100	2,740	-	-	3,100	2,740
-	-	-	-	2	-	-	-	-	7	-	-	2	7	-	-	2	7
60,447	58,975	-	-	214,530	207,225	34,618	41,877	75,424	75,424	-	-	324,572	324,526	-	-	324,572	324,526

Information by regions

	External revenue		Non-current assets [1]		Capital employed [1]		Gross capital expenditures		Net capital expenditures		Employees [1]	
FOR THE PERIOD JAN 1 THROUGH JUN 30 / € million	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Germany	14,424	14,051	50,107	47,131	41,540	39,127	5,824	4,977	2,633	2,344	216,737	211,330
Europe (excluding Germany)	6,710	8,121	5,035	5,409	3,971	4,572	339	335	330	306	75,281	83,137
Asia/Pacific	1,994	3,120	1,317	1,338	1,172	1,440	54	62	50	62	17,585	17,217
North America	1,472	2,208	701	291	868	709	57	16	57	16	11,201	9,267
Rest of world	373	469	53	38	76	98	4	5	4	5	3,768	3,575
Consolidation	–	–	- 961	- 934	- 1,053	- 978	26	7	26	7	–	–
DB Group adjusted	**24,973**	**27,969**	**56,252**	**53,273**	**46,574**	**44,968**	**6,304**	**5,402**	**3,100**	**2,740**	**324,572**	**324,526**
Reconciliation	- 1	- 1	–	–	–	–	–	–	–	–	–	–
DB Group	**24,972**	**27,968**	**56,252**	**53,273**	**46,574**	**44,968**	**6,304**	**5,402**	**3,100**	**2,740**	**324,572**	**324,526**

[1] As of the balance sheet date.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Basic principles and methods

The unaudited and condensed interim financial statements as of June 30, 2023, are prepared in accordance with the International Financial Reporting Standards (IFRS) as applied in the European Union (EU) and their interpretation by the IFRS Interpretations Committee. The requirements of IAS 34 (Interim Financial Reporting) have been followed. The accounting policies underlying the consolidated financial statements 2022 have been consistently applied for these interim financial statements.

Comparability with the first half of 2022

After due consideration is given to the following issues, the financial information presented for the first half of 2023 is comparable with the financial information for the first half of 2022.

ACCOUNTING AND VALUATION METHODS

There were no other new standards, interpretations or amendments to IAS/IFRS standards which were significant for Deutsche Bahn Group (DB Group) nor which were the subject of mandatory adoption within the reporting period.

DETAILS OF MAJOR EVENTS AND TRANSACTIONS

In the first half of 2023, compensation claims from the energy price brake resulting from the energy consumption of DB subsidiaries led to a decrease in the cost of materials of € 296 million.

Despite Government support measures, EBIT decreased significantly to € 324 million in the first half of 2023 due to negative market developments in air and ocean freight and higher upfront expenses in infrastructure (in the first half of 2022: € 781 million); cash flow from operating activities increased significantly to € 1,931 million (in the first half of 2022: € 1,498 million).

As of January 1, 2023, the apportionable costs for the various governance functions of the Group's management will be passed on to the segments via a Group levy. As a result, the profit of the Subsidiaries/Other segment improved by € 158 million as of June 30, 2023, and deteriorated in the other segments (mainly DB Netze Track: € 66 million, DB Regional: € 26 million, DB Long-Distance: € 22 million, DB Cargo: € 16 million, DB Netze Stations: € 11 million) accordingly.

ESTIMATION AND FORECAST UNCERTAINTY

Estimates and forecasts continued to be subject to various uncertainties in the first half of 2023. This applies, for example, to the determination of compensation claims in the context of the introduction of the Germany-Ticket, the valuation of provisions for loss-making passenger transport contracts, the valuation of doubtful receivables or to the assessment of possible impairments of assets.

SCOPE OF CONSOLIDATION

Changes in the scope of fully consolidated companies of DB Group are detailed in the following:

	Germany Jun 30, 2023	Rest of world Jun 30, 2023	Total Jun 30, 2023	Total Jun 30, 2022	Total Dec 31, 2022
FULLY CONSOLIDATED SUBSIDIARIES					
As of Jan 1	103	398	**501**	**523**	**523**
Additions	24	1	**25**	**4**	**20**
Additions due to changes in type of incorporation	1	0	**1**	**0**	**0**
Disposals	- 24	- 19	**- 43**	**- 12**	**- 42**
Disposals due to changes in type of incorporation	- 1	0	**- 1**	**0**	**0**
As of Jun 30 / Dec 31	**103**	**380**	**483**	**515**	**501**

Additions of companies

In the first half of 2023, DB Group incurred no expenses (in the first half of 2022: € 5 million) on company acquisitions according to IFRS 3.

The additions concerned the first-time full consolidation of the GHT Mobility GmbH Group (GHT), Berlin. As a result of company law agreements and against the background of the financing conditions, DB Group has controlled GHT since January 1, 2023:

COMPANY	Activities	Segment
GHT Mobility GmbH Group, Berlin	Operation of on-demand transport	DB Regional, from Jan 1, 2023

As a result of Deutsche Bahn AG's (DB AG) decision to withdraw from the company as a majority owner and not to provide any further financial resources, GHT filed for insolvency at the beginning of May 2023.

The addition of GHT was not material for DB Group. The additions also included a start-up.

After being initially consolidated, GHT has generated revenues of € 2 million and a net profit of € 0 million.

Disposals of companies and parts of companies

The disposals in the scope of consolidation relate to the aforementioned GHT, two liquidations and 14 sales (companies from the DB Arriva segment in Denmark, Serbia and Poland). The sales generated a cash outflow of € 15 million.

The deconsolidation of GHT resulted in a disposal loss of € 15 million and the aforementioned sales in a disposal loss of € 13 million.

Effects on the consolidated statement of income

Overall, the effects of the changes in the scope of consolidation on the consolidated statement of income which have occurred compared with the first half of 2022 are not of a material nature and are presented in the following overview:

JAN 1 TO JUN 30, 2023 / € million	DB Group	thereof from additions to the scope of consolidation	Amounts from removals from the scope of consolidation
Total revenues	24,972	282	- 449
Inventory changes and other internally produced and capitalized assets	2,141	0	- 1
Overall performance	27,113	282	- 450
Other operating income	1,513	88	- 22
Cost of materials	- 13,342	- 156	241
Personnel expenses	- 10,244	- 84	151
Scheduled depreciation and impairments	- 2,072	- 64	31
Other operating expenses	- 2,644	- 112	37
Operating profit (EBIT)	**324**	**- 46**	**- 12**
Result from investments accounted for using the equity method	6	0	2
Net interest income	- 269	- 5	1
Other financial result	- 10	0	6
Financial result	**- 273**	**- 5**	**9**
Profit before taxes on income	**51**	**- 51**	**- 3**
Taxes on income	- 122	13	1
Net loss for the period	**- 71**	**- 38**	**- 2**

The revenues attributable to changes in the scope of consolidation are as follows:

JAN 1 TO JUN 30, 2023 / € million	Revenues due to Additions to the scope of consolidation	Revenues due to Disposals from the scope of consolidation
USA Truck Group, Van Buren / USA [1]	279	-
GHT Mobility GmbH Group, Berlin	2	
Les Triporteurs Group, Rennes / France [1]	1	-
Bitergo, Dortmund [1]	0	-
MTS Markentechnik Group, Rülzheim [1]	-	207
Arriva Sverige AB, Nacka / Sweden [1]	-	177
Arriva Danmark A/S, Kastrup / Denmark	-	24
ARRIVA INVESTIMENTOS SGPS, SA, Almada / Portugal [1]	-	21
ELAG Emder Lagerhaus und Automotive GmbH, Emden [1] and EVAG Emder Verkehrs und Automotive Gesellschaft mbH, Emden [1]	-	18
Arriva LITAS d.o.o. Požarevac, Požarevac / Serbia	-	2
Total	**282**	**449**

[1] Acquired / sold during the previous year.

Information regarding the changes in financial liabilities (IAS 7)

€ million	Jan 1, 2023	Jan 1, 2022	Cash-effective changes (inflow (+)/ outflow (–)) Jun 30, 2023	Cash-effective changes Jun 30, 2022	Non-cash-effective changes: Acquisition (+)/ disposal (–) of companies Jun 30, 2023	Acquisition (+)/ disposal (–) of companies Jun 30, 2022	Exchange rate effects Jun 30, 2023	Exchange rate effects Jun 30, 2022	Addition (+)/ disposal (–) of liabilities and financial receivables Jun 30, 2023	Addition (+)/ disposal (–) of liabilities and financial receivables Jun 30, 2022	Compounding [1] Jun 30, 2023	Compounding [1] Jun 30, 2022	Jun 30, 2023	Jun 30, 2022
Financial receivables	-142	-83	-212	-14	–	–	–	–	–	–	–	–	-354	-97
LIABILITIES FROM FINANCING														
Interest-free loans	298	446	-156	-156	–	–	–	–	–	–	7	10	149	300
Senior bonds	28,802	27,403	938	1,231	–	–	-117	55	–	–	9	9	29,632	28,698
Bank borrowings	545	1,320	915	-205	0	–	0	-2	–	–	–	–	1,460	1,113
Leasing liabilities [1]	5,180	5,059	-565	-526	0	–	-20	10	369	346	0	0	4,964	4,889
Liabilities from transport concessions	164	180	-8	-8	–	–	–	–	–	–	–	–	156	172
Other financial liabilities	284	78	-201	-51	–	1	-1	0	3	–	–	–	85	28
Liabilities from financing	**35,273**	**34,486**	**923**	**285**	**–**	**1**	**-138**	**63**	**372**	**346**	**16**	**19**	**36,446**	**35,200**
Total	**35,131**	**34,403**	**711**	**271**	**–**	**1**	**-138**	**63**	**372**	**346**	**16**	**19**	**36,092**	**35,103**

[1] The outflow for leasing liabilities including interest paid amounted to € 619 million in the first half of 2023 (in the first half of 2022: € 556 million).
For the statement of cash flows, these were broken down into an interest component and a redemption component. This interest component is netted under compounding.

Information regarding non-current held-for-sale assets and liabilities in connection with held-for-sale assets (IFRS 5)

Under IFRS 5, non-current assets are classified as non-current held-for-sale assets if their carrying amount is to be realized by way of sale and not by way of continued use. This can be an individual asset, a disposal group or a business area of a company. Non-current held-for-sale assets are measured at the lower of the carrying amount or the fair value, less costs of disposal incurred. Of the companies held for sale as of December 31, 2022, the companies in the DB Arriva segment (in Denmark, Serbia and Poland) were sold in the first half of 2023. Schenker Russia will continue to be classified as a disposal group in accordance with IFRS 5 as of June 30, 2023.

Information concerning revenues from contracts with customers (IFRS 15) and public grants

Revenues of DB Group are broken down as follows:

€ million	Jan 1 to Jun 30, 2023	Jan 1 to Jun 30, 2022	2022
Revenues from freight and passenger transport services	22,082	24,952	49,965
thereof concession fees for rail transport	3,852	3,879	7,867
Revenues from operating track infrastructure	1,206	1,118	2,289
Revenues from rental and leasing	216	193	386
Revenues from sales of material	935	1,277	2,735
Other revenues	577	464	1,025
Revenue discounts	-44	-36	-104
Total	**24,972**	**27,968**	**56,296**

The revenues from freight and passenger transport services were generated mainly by companies operating in the DB Schenker, DB Regional, DB Long-Distance, DB Cargo and DB Arriva segments. Revenues from operating rail infrastructure relate to the DB Netze Track and DB Netze Stations segments. Rental and leasing revenues were generated mainly in the DB Netze Stations segment, and revenues from the sales of material were generated almost exclusively in the DB Netze Energy segment. Other revenues related to virtually all segments.

Due to the current market developments with significantly lower freight rates in air and ocean freight, revenues at DB Schenker decreased by € 4.1 billion (–29 %) compared with the first half of 2022.

The order book of customer contracts with contractually agreed outstanding revenues (secured revenues) was broken down as follows:

SECURED ORDER BOOK / € million	Jun 30, 2023	Dec 31, 2022	Jun 30, 2022
Passenger transport contracts	87,128	87,183	73,865
Logistics and freight transport contracts [1]	323	304	255
Other contracts [1]	1,606	1,657	1,293
Total	**89,057**	**89,144**	**75,413**

[1] Contracts with a duration of at least 12 months and a contract volume of at least € 5 million.

Most of the secured order book will be fulfilled within a period of ten years, with percentages declining over a period of time.

The decline in the order book in passenger transport contracts in the DB Arriva segment compared to December 31, 2022, was almost completely offset by the increase in the order book in the DB Regional segment. In terms of other contracts, there was a slight decrease in the Subsidiaries/Other segment.

Claims relating to contractual assets [1] of € 109 million were recognized together with the other receivables and assets. Long-term contractual assets accounted for € 48 million.

The contractual liabilities in DB Group include advance payments received as well as other payments received in advance in relation to revenues for subsequent periods (for example, for season tickets). Obligations from contractual liabilities of € 1,488 million (thereof non-current: € 225 million) were shown under the trade liabilities and deferred items.

Contingent receivables and liabilities, and guarantee obligations

Contingent receivables (as of June 30, 2023: € 18 million; as of December 31, 2022: € 16 million; as of June 30, 2022: € 19 million) mainly comprised a recovery claim in connection with investment grants that have been provided but had not been sufficiently determined as of the closing date in terms of the specific amount and the time at which the claim would become due. Potential further compensation payments by the public authorities in connection with the Covid-19 pandemic are not included in the contingent receivables as the absence of a legal basis means that neither their timing nor their extent can be estimated.

As of June 30, 2023, the case remained that no contingent receivables had been recognized for all injunction proceedings in view of the high level of uncertainty relating to refund claims, the timing of refunds and the probability of refunds.

The contingent liabilities were broken down as follows:

€ million	Jun 30, 2023	Dec 31, 2022	Jun 30, 2022
Negotiation and transfer of bills of exchange	13	11	–
Provisions of warranties	–	–	0
Other contingent liabilities	110	111	108
Total	**123**	**122**	**108**

Other contingent liabilities also comprise risks arising from litigation that had not been stated as provisions because the expected probability of occurrence is less than 50 %.

There are also contingencies of € 14 million from guarantees as of June 30, 2023 (as of December 31, 2022: € 16 million; as of June 30, 2022: € 15 million). As of June 30, 2023, property, plant and equipment with carrying amounts of € 3 million (as of December 31, 2022: € 3 million; as of June 30, 2022: € 4 million) were also used as security for loans. The reported figure essentially related to rolling stock used at the operating companies in the DB Arriva segment.

DB Group acts as guarantor mainly for equity participations and working groups (Arbeitsgemeinschaften), and is subject to joint and several liability for all working groups in which it is involved.

Information regarding the fair value of financial instruments

The carrying amounts of the cash and cash equivalents (as of June 30, 2023: € 4,651 million; as of December 31, 2022: € 5,138 million; as of June 30, 2022: € 3,827 million), trade receivables and other financial assets (as of June 30, 2023: € 9,527 million; as of December 31, 2022: € 9,580 million; as of June 30, 2022: € 10,343 million) approximate the fair values as of the balance sheet date.

The carrying amounts of the trade liabilities, the other and miscellaneous financial liabilities (as of June 30, 2023: € 9,956 million; as of December 31, 2022: € 10,656 million; as of June 30, 2022: € 9,657 million), as well as the current financial debt, approximate the fair values as of the closing date.

As of June 30, 2023, € 2,039 million (as of December 31, 2022: € 1,830 million; as of June 30, 2022: € 1,235 million) of the overall receivables and other assets related to non-financial assets. As of June 30, 2023, € 2,619 million (as of December 31, 2022: € 2,679 million; as of June 30, 2022: € 2,508 million) of the overall other liabilities related to non-financial liabilities.

The fair value of non-current financial debt with a carrying amount of € 31,006 million as of June 30, 2023, was € 26,568 million (as of December 31, 2022: carrying amount € 31,186 million, fair value € 26,491 million; as of June 30, 2022: carrying amount € 31,674 million, fair value € 28,213 million).

The derivative financial instruments recognized at fair value are classified under valuation level 2 and to a lesser extent under valuation level 1. There were no reclassifications between the valuation levels in the first half of 2023.

Other financial obligations

Capital expenditures in relation to which DB Group has entered into contractual obligations as of the balance sheet date, but for which no consideration has yet been received, are broken down as follows:

€ million	Jun 30, 2023	Dec 31, 2022	Jun 30, 2022
COMMITTED CAPITAL EXPENDITURES FOR			
Property, plant and equipment	23,472	20,439	21,971
Intangible assets	53	39	38
Acquisition of financial assets	480	477	472
Total	**24,005**	**20,955**	**22,481**

The increase in the purchase commitment in property, plant and equipment was particularly due to the planned capital expenditure projects relating to own construction services and the procurement of new vehicles. The purchase commitment for the acquisition of property, plant and equipment also contains future obligations for vehicles in connection with transport contracts to be recognized in accordance with IFRIC 12.

[1] The contractual assets include claims relating to work-in-progress from long-term orders.

The acquisition of financial assets related to outstanding contributions for the EUROFIMA European Company for the Financing of Railroad Rolling Stock (EUROFIMA), Basel/Switzerland that have not been called in. This increase was due to exchange rate effects.

Related-party disclosures

Major economic relations between DB Group and the Federal Republic of Germany (Federal Government) relate to liabilities due to the Federal Government arising from loans that have been extended (present value as of June 30, 2023: € 149 million; as of December 31, 2022: € 298 million; as of June 30, 2022: € 300 million). There are also service relationships arising from the fees paid to the Federal Government within the framework of pro forma billing[1] for the assigned civil servants, cost refunds for the secondment of service provision personnel and from investment grants that have been received. The guarantees received from the Federal Government primarily relate to the loans received from EUROFIMA and the outstanding contributions and liabilities arising from the collective liability of DB AG with EUROFIMA.

Other disclosures

BOND ISSUES AND REPAYMENTS

In the first half of 2023, the following senior bonds were issued by Deutsche Bahn Finance GmbH (DB Finance):

VOLUME OF ISSUE	Term (years)	Coupon (%)	Placing
€ 750 million	14.9	3.625	Institutional investors, primarily in Europe
€ 600 million	10.0	3.250	Institutional investors, primarily in Europe

In the same period, a maturing senior bond issued by DB Finance for € 400 million was redeemed.

NO DIVIDEND PAYMENT TO THE FEDERAL GOVERNMENT

No resolution on the appropriation of profits has yet been passed for the 2022 financial year, and therefore no dividend payment has been made to the Federal Government.

NUMBER OF ISSUED SHARES

The number of issued shares is unchanged at 430,000,000.

COLLECTIVE BARGAINING NEGOTIATIONS WITH THE EVG

On February 28, 2023, DB Group started collective bargaining negotiations with the Railway and Transport Workers Union (Eisenbahn- und Verkehrsgewerkschaft; EVG). At the end of June 2023, the EVG declared the negotiations had failed after seven rounds of negotiations and two warning strikes, and announced a ballot. Mediation will take place between July 17 and July 31, 2023.

Berlin, July 21, 2023

Deutsche Bahn Aktiengesellschaft
The Management Board

[1] For the work of the allocated civil servants, DB AG reimburses to the Federal Railroad Fund (Bundeseisenbahnvermögen; BEV) those costs that would be incurred if a tariff employee covered by collective bargaining arrangements were to be an employee instead of an allocated civil servant.

CONTACT INFORMATION

INVESTOR RELATIONS AND SUSTAINABLE FINANCE

Deutsche Bahn AG
Investor Relations and Sustainable Finance
Europaplatz 1
10557 Berlin
Germany
Telephone: +49(0)30.297-64031
E-mail: ir@deutschebahn.com
Internet: www.deutschebahn.com/ir-e

This Integrated Interim Report was published on July 27, 2023 (copy deadline: July 21, 2023) and is available online at db.de/zb-e.

The Integrated Interim Reports and Integrated Reports of Deutsche Bahn Group and the Annual Financial Statements of Deutsche Bahn AG are published in German and English.

The Integrated Interim Reports and Integrated Reports of Deutsche Bahn Group, the Annual Financial Statements of Deutsche Bahn AG, the Annual Reports of DB Fernverkehr AG, DB Regio AG, DB Cargo AG, DB Station&Service AG and DB Netz AG (only available in German), as well as up-to-date information, are also available on the Internet at db.de/reports.

CORPORATE COMMUNICATIONS

Deutsche Bahn AG
Corporate Communications
Potsdamer Platz 2
10785 Berlin
Germany
Telephone: +49(0)30.297-61030
E-mail: presse@deutschebahn.com
Internet: www.deutschebahn.com/en/presse

DB SERVICE NUMBERS

DB Group provides its customers in the passenger transport sector in Germany with all telephone information at local rates. A hotline provides information about schedules, tickets and the BahnCard, and navigates passengers in a targeted way to the service team.

- **DB service number:** +49(0)30.297-0. Information about fares and schedules, information about Deutsche Bahn services and the BahnCard.
- **Mobility service center:** +49(0)30.652128-88. Contact for planning accessible travel.
- **Passenger rights service center:** +49(0)30.586020-920. Information on fare reimbursements within the scope of the EU Regulation on Rail Passengers' Rights and Obligations.
- **Lost and found:** +49(0)30.586020-909. Reporting lost or found objects on the train or in the station.

Customers can find answers to frequently asked questions and other contact options at bahn.com/en/contact.

SOCIAL MEDIA

DB Group

DB Group has a strong presence on various social media channels: Facebook, Instagram, YouTube, LinkedIn, TikTok and Twitter.

Passenger transport

Our passenger transport team is available on various social media channels for conversations, discussions, and for service and product questions. Find us on Facebook, Instagram, YouTube, Twitter and LinkedIn.

SUSTAINABLE PRODUCTION

Paper from certified sustainable production.
The printing company is certified according to FSC® and PEFC standards. Each year, suitable audits are performed to review compliance with the strict rules in place for handling certified paper.

RECYCLED
Paper made from recycled material
FSC® C016267
www.fsc.org

Mineral oil-free ink.
This report was printed using mineral oil-free ink derived from renewable raw materials.

Conserving resources.
Using no-process printing plates saves on development, cleaning and rubberizing after exposure. Chemicals and fresh water are no longer used to wash the printing plates, and power consumption is being reduced.

Energy-efficient printing.
An energy management strategy has been implemented at the printing company and an energy audit was carried out in accordance with DIN EN 16247-1.

FINANCIAL CALENDAR

March 21, 2024
Annual Results Press Conference,
publication of the 2023 Integrated Report

July 25, 2024
Interim Results Press Conference,
publication of the Integrated Interim Report January – June 2024

IMPRINT
Edited by: Deutsche Bahn AG, Investor Relations and Sustainable Finance, Berlin
Design and typesetting: Studio Delhi, Mainz
Proofreading: AdverTEXT, Düsseldorf
Lithography: Koch Prepress GmbH, Wiesbaden
Printing: W. Kohlhammer Druckerei GmbH + Co. KG, Stuttgart
Photography and consulting: Max Lautenschläger, Berlin

PHOTO CREDITS
Title, U6 DB AG / Max Lautenschläger, 1 DB AG / Pablo Castagnola

OUR MAJOR STRATEGIC GOALS

Germany needs a strong rail system – and that is our inner ambition! At Deutsche Bahn, we are committed to achieving that goal. A strong rail system encompasses everything that we represent and advocate, what we devote our full attention to and combine our strengths for. The Strong Rail strategy will help our country to overcome existential challenges: Germany will only achieve its climate protection targets if it succeeds in shifting large amounts of its traffic to rail in the next decade. In addition, Germany will only continue to be economically successful if people and goods remain mobile and are not increasingly stuck in traffic jams.

OUR FOCUS IS ON SHIFTING THE MODE OF TRANSPORT TO RAIL AND CREATING THE CAPACITY REQUIRED TO DO SO.

TOGETHER WITH THE FEDERAL GOVERNMENT, WE ARE INVESTING AT RECORD LEVELS THIS DECADE IN ORDER TO MAKE THE RAIL NETWORK FIT FOR GROWTH.

AFTER OVERCOMING THE COVID-19 PANDEMIC, WE ARE CONTINUING ON OUR GROWTH PATH.

THE TREND TOWARD CLIMATE-FRIENDLY MOBILITY AND LOGISTICS CONTINUES UNABATED. RAIL BENEFITS FROM THIS AS THE GREENEST MODE OF TRANSPORT.

WE HAVE SET AMBITIOUS TARGETS FOR IMPLEMENTING OUR GREEN TRANSFORMATION AND WANT TO BE CLIMATE-NEUTRAL BY 2040.

Deutsche Bahn AG
Potsdamer Platz 2
10785 Berlin
Germany

www.deutschebahn.com

COVER IMAGE

Mobility made simple

One ticket takes you comfortably across the whole of Germany. With the Germany-Ticket, since May 1, 2023, it has been possible to travel with ease on all local public transport throughout Germany for just € 49 per month.