In the year under review, special items totaling € 299 million (previous year: € 219 million) were adjusted in EBIT. These resulted mainly from expenses for restructuring and personnel contractual commitments. As part of transformation programs to increase profits at DB Cargo and DB Schenker, provisions have been made for personnel measures and impairments have been made for property, plant and equipment and rights of use. Other expenses resulted from the set up of provisions for commitment surpluses from employment relationships (Subsidiaries/Other segment). The expenses for existing ecological burdens in the Subsidiaries/Other segment included the adjustment of the provision for ecological burdens at DB AG and for risks in connection with the sale of Brenntag in 2004. This was counteracted by the reclassification of positive effects in connection with the electricity price brake. With the exception of the DB Regional and DB Cargo segments, the relief from the electricity price brake was completely adjusted as a special item. At DB Regional and DB Cargo, partial adjustments were made to energy expenses on the basis of the price adjustments agreed with the contracting organizations and customers.

The special items recorded from continuing operations are attributable to the following segments:

€ million	2023	thereof affecting EBIT	2022	thereof affecting EBIT
DB Long-Distance	112	112	337	337
DB Regional	- 4	- 4	–	–
DB Cargo	- 94	- 94	- 20	- 20
DB Netze Track	- 23	- 14	- 9	- 2
DB Netze Stations	13	13	–	–
DB Energy	–	–	–	–
Other/consolidation Integrated Rail System	- 170	- 170	- 90	- 90
Integrated Rail System	**- 166**	**- 157**	**218**	**225**
DB Schenker	- 142	- 142	- 6	- 6
Consolidation other	–	–	–	–
DB Group	**- 308**	**- 299**	**212**	**219**

The capital employed and the adjusted EBIT have resulted in the following figures for return on capital employed (ROCE):

€ million	2023	2022	Change absolute	Change %
EBIT adjusted (continuing operations)	- 964	1,225	- 2,189	–
Ø Capital employed as of Dec 31	48,300	45,289	+ 3,011	+ 6.6
ROCE (%)	**- 2.0**	**2.7**	**–**	**–**

Taking into account the discontinued operations, there would have been no change in ROCE for DB Group (previous year: 2.8 %).

Notes to the statement of income

As a general rule, all income and expenses are reported on an unnetted basis, unless IFRS accounting rules permit or require balancing.

Expenses are recognized in the income statement at the point at which the service is used or at the point at which the expenses are incurred.

The special items detailed at income and expenses ("Total") are issues that are considered to be unusual either in terms of the amount involved and/or the actual reason behind the issue. Irrespective of the amount involved, this item comprises book profits and losses arising from transactions with subsidiaries/financial assets as well as depreciation on long-term customer contracts that have been capitalized as part of the purchase price allocation process in connection with company acquisitions. In addition, the special items recognize individual issues if they are of an exceptional nature, if they are definable for accounting purposes, if they can be measured and if the amount involved is material. In addition to the special items, effects from changes in the scope of consolidation and exchange rate effects are also disclosed separately. The item "Total – comparable" does not involve IFRS figures; instead, it involves additional disclosures in accordance with internal reporting.

Unless otherwise stated, the following disclosures and explanations on the items in the statement of income relate to the continuing operations.

(1) REVENUES

Revenues generated in DB Group result from the provision of passenger transport, freight transport and logistics services, the provision of rail infrastructure, the sale of goods and other revenues related particularly to services in rail operations, less value-added tax, discounts and any price reductions. In addition, revenues from the leasing of railway-related assets such as station space are also reported within revenues, while other rental revenues are recognized within other operating income.

In passenger transport, revenues from individual tickets are recorded in a simplified way on the first day of validity of the ticket. Revenues from season tickets are recorded over the validity period.

In the DB Regional segment, the order processing in the form of long-term transport contracts concluded with the contracting organizations of the Federal states in Germany are very important for business development. Contractual relations with customers covering several years also exist in the contract logistics line of business in the DB Schenker segment, which accounts for about 6 % of Group revenues. Revenues are realized accordingly over the contractual term of the respective long-term contract.

Revenue recognition in accordance with IFRS 15 is based on the principle that revenues are recognized when control over a product or service is transferred to the customers. Revenues from the provision of services is recorded at the amount expected to be received by a company in exchange for the transfer of promised goods or services to a customer (transaction price).

€ million	2023	2022
Revenues from freight and passenger transport services	39,404	45,878
thereof concession fees for rail transport	6,759	6,508
Revenues from operating track infrastructure	2,429	2,276
Revenues from rental and leasing	398	359
Revenues from sales of products	1,961	2,706
Other revenues	1,106	955
Revenue discounts	-107	-89
Total	**45,191**	**52,085**
± Special items	3	0
± Effects from changes in the scope of consolidation	-412	-295
± Exchange rate effects	463	-
Total - comparable	**45,245**	**51,790**

Revenues from freight and passenger transport services were generated mainly by companies operating in the DB Schenker, DB Regional, DB Arriva, DB Long-Distance and DB Cargo segments. They included a minor amount of revenues from sub-operating leases in the DB Schenker segment. The DB Netze Track and DB Netze Stations segments generated revenues mainly from the operation of track infrastructure, while revenues from rental and leasing were generated mainly by the DB Netze Stations segment. Revenues from sales of products were generated almost exclusively in the DB Energy segment. Other revenues relate to virtually all segments.

In the year under review, DB Group revenues fell by € 6,894 million to € 45,191 million (-13.2%). The decline in revenues was driven largely by the DB Schenker segment and resulted mainly from the normalization of freight rates in ocean and air freight after a sharp increase in previous years. An increase in available capacity and falling demand led to a significant decline in freight rates, while transport volumes at DB Schenker also decreased. The war in Ukraine, inflation as well as global economic uncertainties put pressure on demand for transport. Revenues in the DB Energy segment also fell due to lower quantities in energy trading and in the supply of non-Group customers. In contrast, transport operators recorded increased revenues. In addition to price increases, increased demand at DB Long-Distance in particular led to a significant increase in revenues.

Positive exchange rate effects of € 463 million, mainly from the DB Schenker segment, were included in revenues. This was mainly the result of the strong performance of the Chinese renminbi and the Swedish krona against the euro.

The lower revenues at DB Energy had an impact on the decline in revenues from sales of products. In addition, the sale of MTS Group in the previous year had a revenue-reducing effect, as revenues from sales of products was still included on a pro rata basis in the previous year.

Even when adjusted for special items, effects from changes in the scope of consolidation and exchange rate effects, revenues were significantly below the previous year's level (€ -6,545 million/-12.6%).

Movements in revenues broken down by business segments and regions are set out in Segment information by segments 226f.

The revenue discounts related primarily to compensation payments to customers due to delays and train cancellations. As was the case in the previous year, revenue discounts from long-term transport contracts (contractual penalties) were netted directly with the revenues from freight and passenger transport services.

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

ORDER BOOK SECURED AS OF DEC 31 / € million	2023	2022 [1]
Passenger transport contracts	84,804	87,183
Logistics and freight transport contracts [2]	337	304
Other contracts [2]	1,588	1,657
Total	**86,729**	**89,144**

[1] Values including discontinued operations.
[2] Contracts with a contract term 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 for passenger transport contracts was due mainly to the elimination of the order book from the discontinued operations at € 7.9 billion. In the DB Regional segment, the order book increased by € 5.8 billion due to transport contracts awarded; the decline as a result of services rendered had a dampening effect.

The exemption regulation of IFRS 15.121 (a) has been used for the logistics contracts and the other contracts.

Variable considerations of transport contracts such as price adjustment clauses or contractual penalties are only taken into consideration in the estimation of secured revenues if they are highly likely.

Claims relating to contractual assets [1] were recognized together with the other receivables and assets and developed as follows:

CONTRACTUAL ASSETS / € million	2023	2022
As of Jan 1	96	30
Currency translation effects	-1	-1
Additions	259	215
Impairments	0	0
Changes due to amended payment terms	0	-
Fulfillment/payment	-158	-165
Other changes	-85	17
Changes in the scope of consolidation	-	-
As of Dec 31	**111**	**96**

In particular, the clearing of advance payments received was included in other changes. An amount of € 28 million (as of December 31, 2022: € 24 million) was attributable to non-current contractual assets.

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 (e.g. for season tickets). Obligations from contractual liabilities were shown under trade liabilities and deferred items and developed as follows:

CONTRACTUAL LIABILITIES / € million	2023	2022
As of Jan 1	1,290	1,101
Transfers of liabilities held for sale	-221	-
Currency translation effects	-1	-2
Additions	2,586	2,098
Fulfillment of liabilities	-2,613	-1,873
Other changes	-6	-35
Changes in the scope of consolidation	0	1
As of Dec 31	**1,035**	**1,290**
thereof non-current	259	213

The majority of the contractual liabilities will be fulfilled in the following year.

[1] The contractual assets include, among other things, claims from work-in-progress from long-term orders.

(2) INVENTORY CHANGES AND OTHER INTERNALLY PRODUCED AND CAPITALIZED ASSETS

€ million	2023	2022
Inventory changes	16	- 8
Other internally produced and capitalized assets	4,610	4,123
Total	**4,626**	**4,115**
± Special items	–	–
± Effects from changes in the scope of consolidation	0	0
± Exchange rate effects	- 1	–
Total - comparable	**4,625**	**4,115**

Own investments relate mainly to construction and project business in rail infrastructure and also the modernization of vehicles as well as the processing of appropriate spare parts. The increase compared to the previous year resulted from a higher construction volume in the track infrastructure and vehicle maintenance.

(3) OTHER OPERATING INCOME

€ million	2023	2022
SERVICES FOR THIRD PARTIES AND SALE OF MATERIALS		
Income from maintenance and repair	0	0
Sale of materials and energy	135	167
Other services for third parties	617	539
	752	**706**
Leasing and rental income	197	176
Income from compensations for damages and refund of expenses	351	281
INCOME FROM GOVERNMENT GRANTS		
Federal Government compensation payments	120	116
Other investment grants	0	0
Income from reversal of deferred items	0	0
Other Government grants	752	1,528
	872	**1,644**
Income from the disposal of property, plant and equipment and intangible assets	201	263
Income from the disposal of non-current financial instruments	4	15
Income from the release of provisions	237	282
OTHER INCOME		
Income from third-party fees	33	29
Income from the rehabilitation of existing ecological damage	42	45
Utilization of provisions for impending losses	129	136
Miscellaneous other income	536	580
	740	**790**
Total	**3,354**	**4,157**
± Special items	- 63	- 424
± Effects from changes in the scope of consolidation	- 83	- 3
± Exchange rate effects	5	–
Total - comparable	**3,213**	**3,730**

Adjusted for special items, effects from changes in the scope of consolidation and exchange rate effects, other operating income was well below the previous year (€ –517 million).

The decline before adjustment for special items, effects from changes in the scope of consolidation and exchange rate effects was almost entirely attributable to income from other Government grants. One of the main factors that reduced income was the loss of the Federal Government's temporary train-path price reimbursements to compensate for the effects of the Covid-19 pandemic for long distance rail passenger transport (€ 519 million) and compensation payments from the public sector within the framework of the 9-Euro-Ticket in the DB Regional segment (€ 170 million). Compensation payments from the public sector for the Germany-Ticket are mainly reported in revenues, as the compensation payments were regulated in corresponding general rulings.

Payments of the Federal Government to DB Group were reported as Government grants, provided these payments were not made on the basis of the Federal Government's legal status as a shareholder of DB Group and are therefore to be reported as capital increases.

The decline in income from the sale of materials and energy was mainly due to lower income from sales of scrap in connection with construction work (DB Netze Track), especially as scrap prices, having risen sharply in the previous year, returned to normal and were below the previous year.

Other services for third parties increased, due mainly to commissions in connection with the Germany-Ticket.

The leasing and rental income included subletting income of € 37 million (previous year: € 31 million).

The increase in income from compensations for damages and refund of expenses was due mainly to insurance payments for damages in connection with the accident in the Rastatt tunnel.

The decrease in income from the disposal of property, plant and equipment and intangible assets was due, among other factors, to the sale of non-operating real estate in the previous year.

The miscellaneous other income comprises the reversal of liabilities as well as a range of individual issues that are individually of a minor nature.

(4) COST OF MATERIALS

€ million	2023	2022
EXPENSES FOR RAW MATERIALS AND SUPPLIES AND FOR PURCHASED PRODUCTS		
ENERGY EXPENSES		
Electricity	2,646	2,872
Electricity tax	124	151
Diesel, other fuel	832	1,019
Other energies	291	509
Energy price derivatives	21	- 310
	3,914	**4,241**
Other supplies and purchased goods	279	419
Price adjustments and impairments for materials	- 111	- 91
	4,082	**4,569**
EXPENSES FOR PURCHASED SERVICES		
Purchased transport services	13,220	20,803
Cleaning, security, disposal, winter service	550	472
Commissions	198	166
EXPENSES FOR UTILIZATION OF INFRASTRUCTURE		
Train-path usage	139	108
Station usage	2	1
Use of local installations	–	–
	141	**109**
Other purchased services	1,099	858
	15,208	**22,408**
Expenses for maintenance and production	5,986	5,040
Total	**25,276**	**32,017**
± Special items	148	0
± Effects from changes in the scope of consolidation	- 230	- 202
± Exchange rate effects	298	–
Total - comparable	**25,492**	**31,815**

Even when adjusted for special items, effects from changes in the scope of consolidation and exchange rate effects, the cost of materials decreased by € 6,323 million compared with the previous year (–19.9 %).

The impairments on inventories recognized in cost of materials amount to € 33 million (previous year: € 23 million). Write-ups amounting to € 9 million were carried out (previous year: € 24 million).

Energy expenses fell mainly as a result of reimbursements in connection with the electricity and gas price brake. As a result, expenses decreased, in particular for electricity, by € 358 million. Lower market prices only had a small effect due to long-term procurement contracts and hedging transactions.

The expenses for purchased services decreased significantly by € 7,200 million compared with the previous year (–32.1%). The purchased transport services at DB Schenker were significantly below the previous year's figure, in particular because freight rates in ocean and air freight have returned to normal after having risen sharply in previous years. Other purchased services related to a large number of individual issues that are of minor importance individually.

The expenses for maintenance and production increased by € 946 million (+18.8%), and were mainly attributable to the DB Netze Track and Subsidiaries/Other segments; this was primarily for vehicle maintenance and DB Rail construction in this case.

(5) PERSONNEL EXPENSES AND EMPLOYEES

€ million	2023	2022
WAGES AND SALARIES		
for employees	15,215	14,019
for assigned civil servants	621	688
	15,836	**14,707**
SOCIAL SECURITY EXPENSES		
for employees	2,821	2,626
for assigned civil servants	144	164
Expenses for personnel adjustment	272	182
Retirement benefit expenses	531	609
	3,768	**3,581**
Total	**19,604**	**18,288**
± Special items	- 273	- 135
± Effects from changes in the scope of consolidation	- 121	- 53
± Exchange rate effects	82	-
Total – comparable	**19,292**	**18,100**

The figure stated for personnel expenses (social security expenses) included expenses of € 1,242 million for defined contribution plans (previous year: € 1,182 million).

The amount shown for personnel adjustment mainly comprises expenses for restructuring costs, obligation surpluses relating to employment agreements and costs of severance packages and semi-retirement agreements.

The retirement benefit expenses related to active persons as well as persons who are no longer employed in DB Group or their surviving dependents. They were attributable primarily to service costs, employers' contributions to the company top-up benefit scheme and contributions to Pensions-Sicherungs-Verein aG (pension backing association). The interest expense resulting from compounding the pension obligations and the expected income from plan assets is shown in financial result. Detailed explanations on the development of pension obligations can be found in Note (31) 258ff.

The activities of civil servants in DB Group are based on statutory allocation under Article 2 Section 12 of the Rail Restructuring Act (Eisenbahnneuordnungsgesetz; ENeuOG). For the work of the allocated civil servants, DB AG reimburses the Federal Railway Fund (Bundeseisenbahnvermögen; BEV) those costs which would be incurred if a tariff employee covered by collective bargaining arrangements were to be employed instead of the allocated civil servant in each case (pro forma calculation).

The increase in wages and salaries was largely driven by the collective bargaining agreement reached in the course of arbitration with the Railway and Transport Workers Union (Eisenbahn- und Verkehrsgewerkschaft; EVG). For 2023, this included the payment of a tax-free inflation compensation premium of € 2,850 in October 2023 and, from December 2023, the increase in scale wages by a fixed amount of € 200 per month and extra pay by 4.0%. In addition, a one-time additional allocation of the Social Security Fund amounting to € 25 million was agreed for 2023.

Furthermore, the collective bargaining agreement with the German Train Drivers' Union (Gewerkschaft Deutscher Lokomotivführer; GDL) from 2021 had a linear increase in scale wages of 1.8% from March 2023.

The development in the number of employees in DB Group (converted to full-time employees (FTE) in each case) had the effect of increasing expenses and is shown in the following overview:

	As of Dec 31		Annual average	
FTE	2023	2022	2023	2022
Workers	281,818	273,741	279,108	270,447
Civil servants	10,605	12,336	11,398	13,225
Employees	**292,423**	**286,077**	**290,506**	**283,672**
Trainees and dual degree students	14,154	13,346	12,310	11,956
Total	**306,577**	**299,423**	**302,816**	**295,628**

Including the discontinued operations, DB Group had an annual average of 338,551 employees in the year under review (converted to FTE) (previous year: 336,321), thereof 314,837 are workers (previous year: 311,135), 11,398 civil servants (previous year: 13,225) and 12,316 trainees and dual degree students (previous year: 11,961).

In the event of changes in the scope of consolidation, the employees are included in the calculation for the annual average on a pro rata basis up to the time of deconsolidation or after the date of initial consolidation.

At the end of the financial year, the number of employees in DB Group was greater than the figure at the end of the previous year. In the DB Netze Track segment, the increase in personnel was mainly in the areas of project management, maintenance and operations, resulting mainly from the implementation of measures to improve operational quality and the general modernization of the infrastructure. In the DB Long-Distance segment, the increase in employees occurred mainly in the operational areas and resulted in particular from the implementation of measures to improve quality and increase capacity, increases in demand and the partial transfer of activities from DB Sales. The DB Regional segment recorded an increase compared to the end of the previous year, in particular due to increased recruitment activities and the acceptance of trainees, the expansion of services and commissioning of bus services and the integration of ioki GmbH (as of December 31, 2022: Subsidiaries/Other segment).

In the Subsidiaries/Other segment, the increase resulted in particular from increased business activities in Germany and abroad of DB E.C.O. North America Inc., Tarrytown/USA. At DB Systel, the higher number of employees resulted from the expansion of innovative topics and increased vertical production. DB Bahnbau Group increased its number of employees due to the increased volume of construction.

The increase in personnel in the Integrated Rail System is contrasted by a reduction at DB Schenker. The changes in transport volume in air and ocean freight and land transport, as well as efficiency programs implemented, resulted in adjustments.

Employees, based on the number of number of natural persons (NP), have developed as follows:

NP	As of Dec 31 2023	2022
Workers	293,069	284,262
Civil servants	10,941	12,710
Employees	**304,010**	**296,972**
Trainees and dual degree students	14,154	13,346
Total	**318,164**	**310,318**

(6) SCHEDULED DEPRECIATION, AMORTIZATION AND IMPAIRMENT

In the case of property, plant and equipment, scheduled depreciation is recognized using the straight-line method over the expected useful life of the assets or, in the case of leased assets, over the contract duration if it is shorter. The following useful lives for the main groups of property, plant and equipment are taken as a basis:

	Years
Permanent way structures, tunnels, bridges, railway crossings	15 - 100
Track infrastructure	13 - 30
Buildings, halls, roofs	10 - 85
Other structures	5 - 60
Signaling equipment	7 - 40
Telecommunications equipment	5 - 20
Traction current installations	10 - 52
Rolling stock	10 - 30
Other technical equipment, machinery and vehicles	5 - 40
Operating and business equipment	3 - 15

The appropriateness of the chosen depreciation method and the useful lives is subject to an annual review. Our expectations regarding the residual value are also updated annually.

Intangible assets are amortized as scheduled using the straight-line method. The following useful lives are used as the basis for the scheduled amortization of the main groups of intangible assets for the continuing operations:

	Years
Franchises, rights, etc.	Duration of contract
Brand names	5 - 7
Customer base	7 - 10
Purchased software	3 - 10
Software produced in-house	3 - 25

The adequacy of the amortization method and the useful lives are subject to an annual review.

Goodwill arises as a positive difference between the acquisition costs of purchasing the shares and the fair values of the individually acquired assets, absorbed liabilities and contingent liabilities. It is not subject to scheduled depreciation, but to an annual impairment test. Impairment losses on goodwill are not recovered.

Impairment of assets

IAS 36 governs the impairment test for substantial and intangible assets with a certain useful life, which is carried out using a so-called indicator-based asset impairment test. Such an asset impairment test has to be carried out when indicators (so-called triggering events) indicate a possible loss of value. In addition, according to IAS 36, goodwill and intangible assets with an indefinite useful life have to be subjected at least once a year to an impairment test.

DEFINITION OF CASH-GENERATING UNITS

Goodwill impairment tests have to be carried out at the level of individual assets as part of the asset impairment test. If it is not possible to determine future cash flows, which are to a large extent independent, for an individual asset, so-called cash-generating units (CGUs) have to be formed as an aggregation of assets whose future cash flows depend on each other. With no changes compared to the previous year, the CGU structure is fully in line with the planning and reporting structure of DB Group.

Due to the congruence between management structure and legal structure, the identified CGUs also always consist of at least one legal unit. This means that the data necessary for the asset impairment test can be derived from annual financial statements and planning data. Regardless of the presence of impairment indicators, an annual asset impairment test is carried out at the level of the groups of CGUs, which corresponds to the operating segments of DB Group. In addition, a test is also performed if current issues arising from business development or changes in assumptions indicate that there has been a major deterioration in the value in use.

The impairment test on goodwill is carried out at the level of the group of CGUs to which goodwill has been allocated. This is also applicable to the operating segments. Significant goodwill currently exists in the DB Schenker CGU. With regard to the recognition of goodwill for each CGU, please also refer to *Segment information by segments 226f.*

METHOD

In the impairment test in accordance with IAS 36, the carrying amount of an asset or a CGU has to be compared with the corresponding recoverable amount. If the positive carrying amount is no longer covered by the recoverable amount, this results in a corresponding impairment requirement.

The carrying amount of a CGU is established by adding the carrying amounts of the assets less the liabilities which are related to the relevant assets (net position). In addition, for determining the carrying amount of a CGU, it is also necessary to recognize corporate assets and corporate liabilities jointly used by several CGUs, and the working capital necessary for the corresponding CGU must also be taken into consideration.

The recoverable amount is defined as the higher of the fair value less costs of disposal and the value in use. In the impairment tests carried out in DB Group, the recoverable amount is represented by the value in use. The value in use is established as the present value of the free cash flows before interest and after taxes attributable to the continuation of a CGU. The flat tax rate increases from 30.5 % for the CGUs of the Integrated Rail System to 31.2 % due to the increased trade tax rates (previous year: 30.5 %). Since the actual tax rates outside Germany sometimes differ significantly from the applied tax rate of 31.2 %, the tax rate for the CGU that mainly operates internationally, i.e. DB Schenker, was adjusted to 24.2 % in the 2023 financial year (previous year: 22.0 %). The forecast of cash flows reflects previous experience, and takes account of corporate management expectations with regard to future market developments. This cash flow forecast is based on the medium- and long-term planning adopted by the Management Board of DB AG, which covers a planning horizon that extends until 2030. An exception to this is the DB Regional CGU, for which the planning horizon in financial year 2023 extends until 2040. The extension of the planning horizon at DB Regional has become necessary due to the long terms of transport contracts in order to maintain the equivalence between the carrying amount and the recoverable amount. For cash flow forecasts beyond the planning horizon, a sustainable free cash flow is derived and is extrapolated on the basis of a growth rate related to the specific market development. In order to take account of increased inflation expectations, *a growth rate in free cash flow of 1.5 % p. a. is expected for the transport operators DB Long-Distance, DB Regional and DB Cargo, unchanged from the previous year. Due to the higher growth rates and expansion opportunities worldwide, the internationally operating DB Schenker CGU is still expected to achieve sustainable growth in free cash flow of 2.0 % p. a. For the remaining rail infrastructure CGUs, the long-term growth rate is in line with the derivation method used by the Federal Network Agency for Electricity, Gas, Telecommunications, Post and Railways (BNetzA) for costs of capital and remains unchanged compared with the previous year at 1.0 %.*

A weighted average cost of capital (WACC) is used for discounting the free cash flows; this reflects the capital market interest rate request for providing debt capital and shareholders equity to the relevant CGU. Because free cash flow after taxes has been calculated, a WACC after taxes has also been used. Risks of free cash flows are recognized by a risk-equivalent capitalization rate.

The WACC of the CGUs that are applicable for the 2022 and 2023 annual financial statements are detailed in the following table:

	2023		2022	
%	**Before taxes**	**After taxes**	Before taxes	After taxes
DB Long-Distance	8.6	5.9	8.6	6.0
DB Regional	7.7	5.3	7.8	5.4
DB Cargo	10.5	7.3	10.6	7.4
DB Netze Track	3.4	2.3	3.4	2.4
DB Netze Stations	3.4	2.3	3.6	2.5
DB Energy	6.2	4.3	6.2	4.3
DB Schenker	10.8	8.2	10.6	8.3

The changes in the WACCs compared with the previous year are attributable to current expectations of medium- to long-term developments in the capital market. For the CGUs of the rail infrastructure, DB Netze Track and DB Netze Stations, the WACC determined by BNetzA has been used to discount cash flows since the previous year.

ASSET IMPAIRMENT TEST

Processes that comply with the specific requirements of IAS 36 have been implemented in order to carry out the asset impairment test. The useful lives of the individual CGUs used for the asset impairment test are based on the useful life of the asset or a group of homogeneous assets which is most significant for the particular CGU.

In addition, the process of establishing the value in use disregards assets or future cash flows that result from major structural changes, disinvestment measures or extension capital expenditures. Resultant adjustments to the original plans relate mainly to the major new and expansion infrastructure projects, where it is assumed that the construction process will be completed beyond the observation period (2030) and for which most of the intended DB funds have not yet been invested. The cash flow forecasts take account of intra-Group transfer prices on the basis of arm's length assessments of the companies involved. The published infrastructure prices are applicable to service relationships between transport and infrastructure segments; price increases in the forecast period have also been taken into consideration.

At the DB Netze Track CGU, there was a shortfall in the value in use compared with the carrying amount of the assets employed as of the balance sheet date. The impairment requirement for DB Netze Track was € –24,253 million (as of December 31, 2022: € –14,455 million). Subsequently, it was examined to what extent the identified shortfall can be allocated to individual assets. Since for the assets of the DB Netze Track CGU a recognition of the calculated impairment would result in the carrying amounts of the individual assets falling below their respective fair values, no further impairment loss was recognized in accordance with IAS 36.105. Due to the shortfall from previous years and the low surplus coverage in the current financial year, impairment was also tested for the DB Cargo CGU on the level of the individual assets. As a result, the assets of the DB Cargo CGU are also subject to the fact that the fair value exceeds the carrying amount of the individual assets.

During the period under discussion, all other CGUs were able to cover their carrying amount with the value in use.

Independently of the impairment tests carried out in relation to the CGUs, impairments are recognized in relation to individual assets which are no longer capable of being used fully. These impairments are shown under the disclosures for the respective balance sheet item.

GOODWILL IMPAIRMENT TEST

A goodwill impairment test must be carried out annually for all CGUs to which goodwill can be allocated. As the goodwill which arises in DB Group as a result of acquisitions is allocated to a CGU, this goodwill impairment test is an integral element of the asset impairment test that is always carried out annually for all CGUs.

The respective recoverable amount is represented by the value in use of the CGU, which in turn has been derived from the planning of the relevant segments. The details relating to methods for the asset impairment tests presented above are thus applicable correspondingly.

CRITICAL ESTIMATIONS AND ASSESSMENTS

Impairment requirement at cash-generating units (CGUs)

Within the framework of the impairment test, the key premises and assumptions that have an impact on the impairment of a CGU were reviewed in the form of standardized sensitivity analyses. With the DB Netze Track CGU, it can be assumed that the fair value less costs of disposal has no scope for sensitivities. The fair value derivation method outlined in the methodological statements ensures a correlation between achievable returns and the costs of capital, which makes it unlikely that the rail infrastructure assets will require impairment.

Rail infrastructure CGUs are also exposed to risks relating to the extent of long-term investment grants for replacement capital expenditures in the existing network and the related scope of the infrastructure companies' own funds. The investment grants included in the medium- and long-term planning are based on the Performance and Financing Agreement signed by the Federal Ministry for Digital and Transport (Bundesministerium für Digitales und Verkehr; BMDV; formerly the Federal Ministry of Transport and Digital Infrastructure (Bundesministerium für Verkehr und digitale Infrastruktur; BMVI)) and DB Group as well as the project and financing concept agreed between the Federal Government and DB Group for setting out the objectives of the Climate Action Program 2030.

Due to the late adoption of the Federal budget for 2024 and the associated uncertainty concerning infrastructure financing, post planning was required in the 2023 financial year. The financing assumptions applied in the post planning are subject to risk due to the current budgetary situation. In a scenario known as "Federal Financial Planning," the impact of significantly reduced infrastructure financing on the impairment test was examined. The central assumption of the scenario is a lower train path availability due to underfunding in the infrastructure with an impact on the transport operators DB Long-Distance, DB Regional and DB Cargo. The "Federal Financial Planning" scenario was created for the new DB InfraGO CGU that emerged from the DB Netze Track and DB Netze Stations CGUs as of January 1, 2024. For the DB InfraGO CGU, there is an impairment requirement *in the "Federal Financial Planning" scenario. It can be assumed that, if DB InfraGO is separated into the CGU structure applied as of December 31, 2023, there will be an impairment requirement in the scenario analysis for the DB Netze Track CGU, as the DB Netze Track CGU already has an impairment requirement at the end of the 2023 financial year. If the impairment requirement were to be allocated to the individual assets of the DB Netze Track CGU, the carrying amount of the respective assets would fall below the respective fair value. In accordance with IAS 36.105, impairment would also be waived in the "Federal Financial Planning" scenario in this case. For the DB Netze Stations CGU, it can be assumed that, in the event of shortfall in the "Federal Financial Planning" scenario similar to the DB Netze Track CGU, it would be possible to have recourse to IAS 36.105 so that no impairment requirement would be applied to the individual assets in this case. In the scenario analysis, the DB Cargo CGU also shows a shortfall. For the DB Cargo CGU, it can be assumed in the "Federal Financial Planning" scenario that the fair values of the individual assets exceed the carrying amounts.*

The sensitivities shown in the following relate to an impairment test on the basis of the value in use. If a shortfall is identified in the course of the scenario analyses, this does not necessarily result in an impairment requirement. If the assumption set out in the respective scenario analysis materializes, a second step would be to analyze the coverage of carrying amounts via fair value less costs of disposal, similarly to DB Cargo and DB Netze Track. A scenario analysis of the fair value is only carried out if the fair value represents the relevant valuation variable in the financial year.

EBIT margin

For the scenario analysis of profit shortfalls, the risk of a 10% reduction in EBIT margin was considered. This model calculation identified a shortfall in the DB Long-Distance (€ –378 million), DB Cargo (€ –623 million) and DB Netze Stations (€ –544 million) CGUs; this means that the value in use for these CGUs does not provide adequate cover for the carrying amount of the capital employed. The DB Long-Distance CGU can withstand a reduction of up to 8.4% in the EBIT margin, DB Cargo up to 2.3% and DB Netze Stations up to 7.7%. The rest of the CGUs report stable surplus coverage even if the EBIT margin is reduced by 10%.

Average real growth rate of cash flows

A reduction of 10% in the long-term growth rate was simulated in order to assess the sensitivity of the impairment test result in relation to the assumed long-term growth rate of cash flows. As was the case in the previous year, no impairment requirement was identified for any of the CGUs considered in this scenario.

Weighted average cost of capital

Risks relating to the assumptions of the capitalization rate, which is normally used for calculating the present value of the value in use, were analyzed by simulating the impairment of each CGU in conjunction with a capital cost markup of 10%. The basis for this simulation was the current weighted cost of capital (after taxes). This model calculation resulted in a shortfall for the DB Cargo CGU (€ –312 million). The maximum capital cost markup up to which DB Cargo has surplus coverage is 3.4%.

Useful life and residual value

With regard to the assumptions relating to useful life and residual value, the effect of a 10% reduction in the residual value at the end of useful life (terminal value) was analyzed. This model calculation resulted in a shortfall for the DB Cargo CGU (€ –133 million). DB Cargo has a surplus coverage up to a reduction of the terminal value of 5.8%.

Depreciation was broken down as follows in the year under review:

€ million	2023	2022
Scheduled depreciation and amortization	3,860	3,579
Recognized impairments	68	21
Recognized reversals	-16	-24
Total	**3,912**	**3,576**
± Special items	-71	-18
± Effects from changes in the scope of consolidation	-96	-7
± Exchange rate effects	18	-
Total - comparable	**3,763**	**3,551**

Depreciation increased, relating mainly to the property, plant and equipment used as rail infrastructure as well as to rolling stock. It is shown in the statement of income less any reversals recognized in the reporting period. The recorded reversals of € 16 million related to write-ups of track infrastructure in the DB Netze Track segment.

Further explanations on the development of property, plant and equipment or intangible assets can be found under Notes (13) 242ff. and (14) 244f.

(7) OTHER OPERATING EXPENSES

€ million	2023	2022
LEASING AND RENTAL EXPENSES		
Leasing expenses	887	823
Variable leasing expenses	21	18
	908	**841**
Legal, consultancy and audit costs	239	202
Fees and contributions	221	214
Insurance expenses	219	157
Advertising and sales promotion expenses	160	148
Printing and stationery expenses	61	50
Travel and representation expenses	377	314
Research and non-capitalized development costs	42	31
OTHER PURCHASED SERVICES		
Purchased IT services	780	658
Other communication services	46	44
Other services	1,003	999
	1,829	**1,701**
Expenses for compensation for damages	223	211
Impairments recognized in relation to receivables and other assets [1]	92	42
Losses from the disposal of property, plant and equipment and intangible assets	223	241
Expenses from disposal of non-current financial instruments	22	6
Impairments from disposal groups	–	11
Other operating taxes	104	50
OTHER EXPENSES		
Grants for third-party facilities	147	134
Concession fees for passenger transport	–	–
Other personnel-related expenses	232	204
Miscellaneous other expenses	553	480
	932	**818**
Total	**5,652**	**5,037**
± Special items	-173	-57
± Effects from changes in the scope of consolidation	-125	-19
± Exchange rate effects	48	-
Total - comparable	**5,402**	**4,961**

[1] Including payments for receivables written down in the previous year.

Other operating expenses increased in total by € 615 million (+12.2%). In almost all types of expenses, it was mainly price-related cost increases that led to additional charges.

Leasing expenses increased by € 67 million (+8.0%) and, as well as the service element of capitalized lease contracts, also included short-term leases (€ 219 million; previous year: € 202 million) and leased assets of minor value (€ 75 million; previous year: € 69 million). The higher leasing expenses resulted mainly from higher rents for software in the Subsidiaries/Other segment and higher ancillary rental costs in the DB Schenker segment.

Insurance expenses rose, mainly in the DB Schenker segment.

The increase in other purchased services resulted from an increase in purchased IT services in almost all segments.

The slight increase in miscellaneous other expenses resulted mainly from additions to provisions in the Subsidiaries/Other segment for ecological burdens at DB AG and risks in connection with the sale of Brenntag in 2004.

(8) RESULT FROM INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The following contributions to profits are recognized in the statement of income as a result of shares in companies over which significant influence can be exercised or which are managed as joint ventures:

€ million	2023	2022
JOINT VENTURES		
Container Terminal Enns GmbH, Enns/Austria	1	1
Other	-1	-1
	0	**0**
ASSOCIATED COMPANIES		
EUROFIMA European Company for the Financing of Railroad Rolling Stock (EUROFIMA), Basel/Switzerland	6	4
DCH Düsseldorfer Container-Hafen GmbH, Düsseldorf	1	0
Bäckebols Åkeri AB, Gothenburg/Sweden	1	0
Container Terminal Dortmund GmbH, Dortmund	1	1
GHT Mobility GmbH, Berlin	–	-16
TriCon Container-Terminal Nürnberg GmbH, Nuremberg	0	1
Other	0	3
	9	**-7**
Total	**9**	**-7**

(9) NET INTEREST INCOME

€ million	2023	2022
INTEREST INCOME		
Net interest income from pension provisions	19	4
Other interest and similar income	132	53
Income from securities	1	1
Operating interest income	**152**	**58**
Interest income from the reversal of deferred items and other interest income	65	168
	217	**226**
INTEREST EXPENSES		
Other interest and similar expenses	-543	-393
Net interest expenses for pension provisions	-128	-61
Interest expenses for leasing liabilities	-110	-78
Operating interest expenses	**-781**	**-532**
Compounding of long-term provisions and liabilities	-53	-45
	-834	**-577**
Total	**-617**	**-351**
± Special items	9	7
± Effects from changes in the scope of consolidation	8	0
± Exchange rate effects	-3	–
Total - comparable	**-603**	**-344**
For information only:		
Operating interest balance	-629	-474

Interest income and interest expenses are recognized in the income statement using the effective interest method in the period in which the income arises.

The increase in other interest and similar income was due in particular to increased interest income from banks as a result of increased market interest rates.

The decrease in interest income from the reversal of deferred items and other interest income is mainly attributable to the adjustment of the discount rate in the previous year for other provisions.

A higher level of interest rates was mainly responsible for the increase in other interest and similar expenses.

The increase in net interest expenses for pension provisions resulted from an increase in the discount rate.

(10) OTHER FINANCIAL RESULT

€ million	2023	2022
Result from subsidiaries	4	3
Result from exchange rate effects	-90	60
Result from currency-related derivatives	93	-51
Result from other derivatives	-10	6
Result from disposal of financial instruments	–	0
Fair value change of financial instruments	-73	29
Impairment losses and write-ups on shares in associated companies	-4	–
Other financial result	2	-38
Total	**-78**	**9**
± Special items	–	–
± Effects from changes in the scope of consolidation	0	-9
± Exchange rate effects	-16	–
Total - comparable	**-94**	**0**

Dividend income is recognized at the point at which the right to receive the payment arises.

The result from exchange rate effects was attributable to the conversion of foreign currency liabilities and receivables with an impact on the income statement using the spot rate applicable on the balance sheet date (IAS 21). The result from exchange rate effects has to be netted with the result from currency-related derivatives. The exchange rate fluctuations in 2023 are mainly attributable to the development of the exchange rate between the euro and the Swiss franc, the Norwegian krone and the Australian dollar. The result from currency-related derivatives contains reclassifications in other income from currency-induced fair value changes in cash flow hedges with no impact on profit and loss. The result from other derivatives relates to the development in the fair value of derivatives that are not classified as effective hedges in accordance with IFRS 9 (Financial Instruments).

The fair value changes in financial instruments are to be regarded as an offsetting position for the fair value assessment of other investments (Note (17) 246 f.).

(11) TAXES ON INCOME

€ million	2023	2022
Actual tax expense	- 294	- 501
Income due to discontinuation of tax obligations	29	54
Actual taxes on income	**- 265**	**- 447**
Deferred tax income (previous year: deferred tax expense)	192	- 696
Taxes on income	**- 73**	**- 1,143**

The actual taxes on income in the year under review were incurred mainly at foreign Group companies. The reduction compared to the previous year resulted from reduced contributions to profit from foreign Group companies. Deferred taxes resulted in income (previous year: expense). This resulted from the anticipated future utilization of tax losses carried forward increasing again, while in the previous year there was a significant deferred tax expense due to an adjustment to future use.

Starting with the net profit/loss before taxes on income and the imputed taxes on income calculated using an imputed tax rate of 31.2%, (previous year: 30.5%) the tax reconciliation for the actual income taxes is presented below:

€ million	2023	2022
Profit/loss before taxes on income	- 1,959	1,090
Group tax rate (%)	31.2	30.5
Deferred tax income (-)/tax expense (+)	**611**	**- 332**
Adjustment of the expected future use of loss carry-forwards and new temporary differences and loss carry-forwards which have arisen	- 620	- 837
Income not subject to tax	27	29
Tax effects related to IAS 12.33	23	29
Expenses not deductible for tax purposes	- 49	- 32
Differences in tax rates for foreign companies	33	111
Other effects	- 98	- 111
Taxes on income as reported	**- 73**	**- 1,143**
Effective tax rate (%)	3.7	104.9

In 2023 there were new tax loss carry-forwards for which deferred tax assets were not recognized in full, because sufficient taxable income was not expected for the loss carry-forwards and temporary differences at the time of the forecast period.

The reconciliation amount as detailed in IAS 12.33 related exclusively to additional tax write-downs resulting from the fact that tax-free grants in the IFRS financial statements have been deducted directly from the asset acquisition costs. It is not permissible for deferred taxes to be created in relation to these temporary differences.

In the year under review, the other effects included in particular effects attributable to the difference in the assessment bases of different income tax bases, and additional local income taxes outside Germany.

Global minimum taxation (Pillar Two)

In December 2021, the Organization for Economic Cooperation and Development (OECD) issued model regulations for a new global minimum taxation for companies (Pillar Two of the international taxation of companies; Pillar Two). Various governments across the world have enacted legislation in this respect or are engaged in a legislative process. DB Group falls within the scope of application of the OECD model regulations on minimum taxation. A corresponding Minimum Tax Act (Mindeststeuergesetz) was passed in Germany (registered office of DB AG) and entered into force on December 28, 2023. As the Minimum Tax Act applies to financial years beginning after December 30, 2023, DB Group is currently not subject to any tax charge.

DB Group has started developing an assessment of the implications of the Minimum Tax Act for DB Group. Country-by-country reporting was used in 2022 in consideration of the voting rights under the temporary country-by-country reporting (CbCR) and safe harbor regulations as set out in legislation. A few countries were identified for which full calculation would be necessary in accordance with the Minimum Tax Act. DB Group expects this to result in a single-digit million euro figure for taxes in connection with the minimum taxation. Further details can be found in the following overview:

REGION / € million	Profit (IFRS) 2022	Tax expenses 2022	Average effective tax rate (%)
Europe	63	8	12
Middle East	6	0	7
Rest of world	5	0	2
Total	**74**	**8**	**11**

Although the average tax rate for the aforementioned regions is less than the agreed minimum tax rate of 15%, DB Group may not be required to pay taxes on income within the framework of the minimum taxation. This is due to specific adjustments provided for in legislation, which may result in deviations from the effective tax rates calculated in accordance with IAS 12.86. Due to the complexity of the application of legislation and the calculation of income in accordance with the regulations on global minimum taxation, the quantitative effects of the legislation adopted are uncertain. Even in countries with an effective tax rate of over 15%, the minimum taxation may have tax implications. DB Group also works together with external tax specialists to support the application of legislation on minimum taxation.

(12) EARNINGS PER SHARE

Under IAS 33 (Earnings per Share), undiluted earnings per share are calculated by dividing the net profit/loss of DB Group attributable to the shareholders of DB AG by the weighted average number of shares in issue during the year under review. Undiluted earnings per share correspond to diluted earnings per share.

€ million	2023	2022
Net profit/loss for the year after taxes on income	- 2,351	- 227
thereof due to shareholders of DB AG	- 2,399	- 274
thereof attributable to providers of hybrid capital	25	25
thereof attributable to non-controlling interests	23	22
thereof continuing operations	- 2,080	- 100
thereof discontinued operations	- 319	- 174
Number of issued shares as of Dec 31	430,000,000	430,000,000
EARNINGS PER SHARE (€/SHARE)		
Undiluted	- 5.58	- 0.64
Diluted	- 5.58	- 0.64
EARNINGS PER SHARE – CONTINUING OPERATIONS (€/SHARE)		
Undiluted	- 4.84	- 0.23
Diluted	- 4.84	- 0.23
EARNINGS PER SHARE – DISCONTINUED OPERATIONS (€/SHARE)		
Undiluted	- 0.74	- 0.41
Diluted	- 0.74	- 0.41