Supporting the energy transition

Financial-Social-Environmental Annual Report 2021 of Sif Holding N.V.

Sif OFFSHORE FOUNDATIONS

This document is the PDF/printed version of the 2021 Annual Report of Sif Holding N.V. and has been prepared for ease of use. The 2021 Annual Report was made publicly available pursuant to section 5:25c of the Dutch Financial Supervision Act (Wet op het financieel toezicht), and was filed with Netherlands Authority for the Financial Markets in European single electronic reporting format (the ESEF package). The ESEF package is available on the Company's website at https://sif-group.com/en/investor-relations/sif-annual-report-2021/ and includes a readable XHMTL version of the 2021 Annual Report. In any case of discrepancies between this PDF version and the ESEF package, the latter prevails

Highlights 2021

People Planet

4.98 LTIF	Gross CO-2 emission 3,669 ton Net CO-2 emission 0 ton (*)	Participation in projects resulting in 1,873 MW renewable energy capacity	Successful deliveries for Hollandse Kust Zuid	Contract win for Dogger Bank C and Maasvlakte 2
(2.48 in 2020)	(Gross 3,157 ton and net 0 ton in 2020)	(1,298 MW in 2020)	For grid connection in 2022	For manufacturing in 2022-2024

Profit

Contribution €114.2 million	EBITDA €39.1 million	Dividend proposal €0.19 per share	ROACE 43.2%	Order book for 2022 180 Kton
€422.5 million revenues	Adjusted EBITDA €39.4 million	Pay-out 42%	EBIT % of average capital employed	250 Kton for 2023-2024

(*) Reference is made to section Reporting Criteria for further details.

2021

January | February | March | April | May | June | July | August | September | October | November | December

February
First load-out St. Nazaire

THE ENGINEERS.

March
Acquisition of KCI The engineers

May
Appointment of
Ben Meijer as CFO

July
Presentation of Skybox
as our solution for TP-less
monopile foundations

July
First load-out Hollandse Kust Zuid

OFFSHORE WIND FOUNDATIONS ALLIANCE

July
Founding of Offshore Wind
Foundations Alliance

October
Last load-out St. Nazaire

November
Announcement
of feasibility

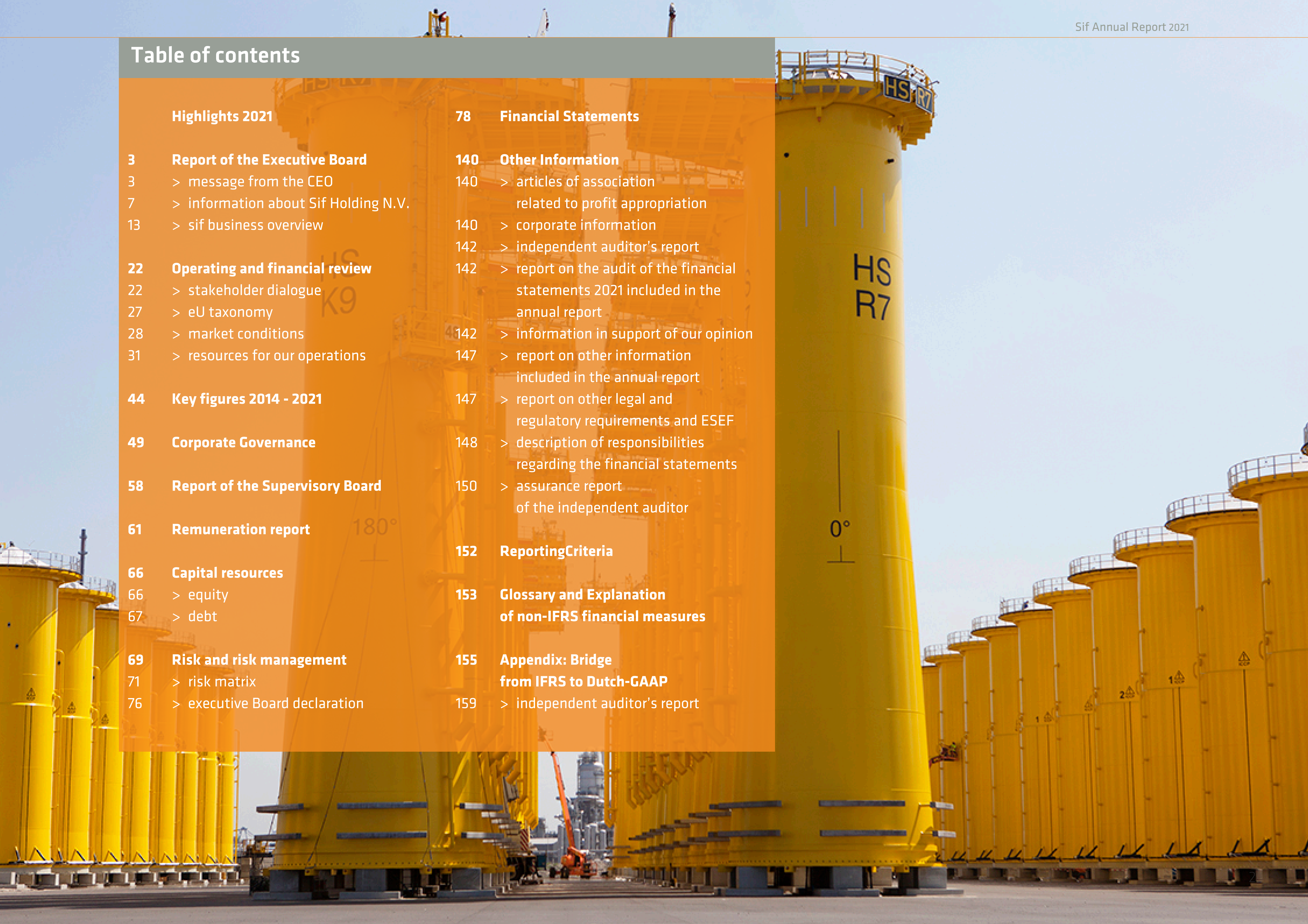
November
Feasibility study for
increase in manufacturing
capabilities + capacity

November
Contract win for
Dogger Bank C

December
Contract win for
windpark Tweede
Maasvlakte

December
Extended deep-sea quay operational

Sif



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Report of the Executive Board

Message from the CEO

Dear reader,

While in the midst of a humanitarian disaster unfolding in the Ukraine and none of us able to oversee the magnitude and effects on the economics, supplies and energy sectors, we look back at what has been an extraordinary year for Sif. Amidst the raging COVID-19 pandemic, the loyalty and drive of our business partners and employees enabled us to deliver on our commitments to clients and to publish solid financial results. In addition, we made important steps on implementing our strategic plans. During these turbulent times we feel the importance embedded in our company culture of teamwork, ownership and results orientation while pursuing our purpose to accelerate the growth of offshore wind power generation as a key driver of the required energy transition.

Safely deliver on our 2021-2024 order book

In 2021, we produced 188 monopiles and 55 transition pieces or 171 kiloton. We delivered foundations for potentially 1,873 MW of offshore wind capacity. This brings our total to 11,457 MW of annually produced electricity, to be provided with foundations manufactured by Sif.

> 'During the last two decades, we provided sufficient foundations for offshore wind energy to supply more than 11 million households with electricity'

It was a year in which we were very concerned about two subjects in particular. Firstly, in the short term there was confusion about how to curb the ongoing COVID-19 crisis and, secondly, in the longer term there was much to be done about how and at what pace Sif needs to adapt its processes and production capacity to bring about the energy transition that is deemed necessary by everyone. Both major themes were on Sif's agenda in 2021; the pandemic presented us with challenges to meet production targets safely and healthily and to deliver the order book. We have succeeded in this by not only strictly following the measures recommended by the government but also by implementing very strict restrictions on travelling and by having test facilities available at our production-sites at an early stage. This all worked out succesfully thanks to the loyalty and flexibility of our employees and suppliers. Sickness reports due to contamination and absence due to compliance with quarantine regulations were limited and our suppliers were able to deliver on their commitments. All in all, it did not lead to significant loss of production and Sif did not have to file for any form of governmental support.

'Strict compliance with recommended COVID-19 measures combined with employee and supplier loyalty, enabled us to deliver on promises'

Foundations were produced or are in production for appealing projects such as Hollandse Kust Zuid and Dogger Bank A. This resulted in a contribution of €114 million and an EBITDA of €39.1 million, in line with our guidance throughout the year. EBITDA adjusted for expenses that relate to the research into and preparations for the required adjustment and expansion of our production facilities and business acquisitions, is reported at €39,4 million. Given the circumstances a satisfactory performance, resulting in a return on average capital employed of 43,2%. In line with our policy, a dividend of €0.19 per share will be proposed to the General Meeting of Shareholders.

Our order book is well filled and has projects for the 2022-2024 timeframe. The projects Dogger Bank A and wind farm Maasvlakte 2 are still in execution while in parallel preparations are being made for manufacturing Dogger Bank B, Hollandse Kust Noord and Dogger Bank C. All together these projects will result in 250 foundations representing a weight of 394 Kilotons. Post closing, we entered exclusive negotiations for a further 36 kiloton. The Dogger Bank projects are designed with the largest diameters in the history of Sif and are approaching the boundaries of what is possible with our existing manufacturing facilities. Beyond 2024, we see projects in the market with increased turbine capacities, waterdepths and soil conditions that require larger diameters. This is developing fully in line with expectations and that is why we embarked on a strategic analysis of our future production methodology and facilities in 2021.

Drivers of our strategic plans for 2025 and beyond

Energy transition was the longer-term theme of 2021; how can the world achieve the environmental objectives set during the various climate conferences? How and at what pace can the world transform from a fossil fuel-driven economy to more sustainable solutions? And how can it make up for the shortfall that has already occurred in this area? As a result of the perceived shortfall, there were upward quarterly ambition adjustments by individual countries. The interim position results in a growth ambition in Europe of between 100 and 130 GW offshore wind capacity by 2030. That is four to five times what has been installed in the past two decades.

At Sif, the energy transition topic has been on the agenda for at least 20 years. Offshore wind is the core of our business and we can contribute to the necessary acceleration of the energy transition with our products and services.

Yttre Stengrund, our first offshore wind project of 2000, has now been decommissioned. Other projects dating back to that period will shortly come to the end of their technical and economic lifetime. The replacement and decommissioning market is therefore also expected to show growth in the period 2025-2030. In our strategic plans, we have made first steps in anticipation of these developments.

Progress on our expansion plans

Foundations need to become larger and heavier. With the Dogger Bank projects, we are at the top of what we can handle in the existing factory halls in terms of dimensions. The characteristics of the projects that we see from 2025 onwards led to the study we conducted on adapting and expanding our production facilities, which was almost completed by the close of 2021 and for which we started an analysis of capex requirements and financing at the start of 2022. We feel confident today that we can fulfill the conditions precedent and target a Final Investment Decision by July 2022 for a new facility at our Maasvlakte 2 premises in the Netherlands, which will enable Sif to manufacture 200 monopiles annually with a reference throughput capacity of 500 kiloton and diameters up to maximum 11.5 meters. Testing of the new facility is expected to start in the second half of 2024 at the earliest.

Picture: artist impression of envisaged expansion plans

A purpose driven organization

Sif believes that with its products and services it contributes to a better world with respect for the production factors used for this purpose. The pursued balance between demand for our products and the availability of the best production factors will ultimately lead to long term value creation for all stakeholders of the company. We want to contribute to the availability and affordability of more sustainable energy by improving and renewing our infrastructure. The production and use of more sustainably produced energy will contribute to the necessary climate improvement. In doing so, Sif contributes to four sustainability goals of the United Nations. It is our objective to cause no or as little damage as possible to our (living) environment, while maintaining a decent and balanced reward of wages, interest, taxes and dividend.

Important performance indicators that we use are safety statistics and personnel attendance figures, CO2 footprint and financial ratios. Some of these indicators also determine the bonusses awarded to executives and are audited by our auditor EY. Our key safety indicator – lost time injury frequency ("**LTIF**") – is 4.98 which is far away from our target level of 1.5. Although the severity of incidents has decreased significantly, our effort to increase a robust safety awareness culture hasn't paid off in less incidents yet. Despite the negative effect of the COVID-19 pandemic, our absenteeism was, at 5.1%, lower compared to the 5.5% of the previous financial year. For the second consecutive year, we compensated far more CO2 than we produced at Sif if we take into account the compensation of the wind turbine at the Maasvlakte 2 site. Owing to high electricity production from that wind turbine, compensation of CO2 emissions was high and net CO2 emission improved from -21.5 ton to -59.8 ton per kiloton produced steel. The challenge is to reduce uncompensated CO2 emissions. With 21.5 ton CO2 per kiloton steel produced the uncompensated CO2 emission was slightly higher than in 2020 when it was 19.3 ton CO2 per kiloton steel produced. In addition to the non-financial performance indicators, we look at financial indicators EBITDA, Contribution and Return on Average Capital Employed.

For the first time EY was engaged to give limited assurance on three non-financial indicators that we use to measure our ESG-progress: 1: the participation of Sif in projects that will result in renewable energy capacity; 2: on the LTIF indicator for safety; and 3: on the Gross and Net CO_2 footprint in tonnes.

Personnel changes

All the members of the Executive and Supervisory Boards (“**Boards**”) are appointed for a term of four years. Executive Board member Leon Verweij was not available for reappointment in May 2021 and resigned. Leon highly contributed to the development of Sif as a project-driven, stock-listed company and by entering into a consultancy arrangement with Leon, we can continue to make use of his experience with Sif and the industry. Ben Meijer was appointed in May 2021 as Executive Board member and CFO. The current terms of Peter Visser and Peter Wit as members of the Supervisory Board will end in 2022. Taking into consideration the crucial expansion and investment plans we have for the near future and the broad experience both bring to the Supervisory Board, we propose both members for reappointment for a next term of four years.

An important step in our strategy was the acquisition of KCI the engineers, which we completed in March 2021. This brought us a team of skilled and experienced people with knowledge of design and detail engineering on offshore steel structures. A valuable extension in the current market which enables us to contribute to optimised and cost efficient monopile foundation solutions to our customers.

Our agenda for 2022 and outlook

Just before finalising this message the terrible news on the Ukraine war came to the world. At the moment of writing, the impact and effects of this tragic and brutal war are unknown, but what we know for sure is that it will disrupt the world, including offshore wind, in whatever form for a while. Comments and predictions we make in this report are not taking into account these unknown effects.

Assuring a safe and healthy environment for our employees, contractors and visitors is and will remain the most important topic in all we do. Lost time injuries and total recorded lost time injuries therefore are our most important performance indicators. Within a safe working environment and culture, we expect to bring the projects for Dogger Bank A, Hollandse Kust Noord and Maasvlakte 2 closer to grid connection and plan to produce a total of approximately 180 kilotons in 2022. The production adjustment and expansion plan is high on our 2022 agenda. Final Investment Decision (“**FID**”) is foreseen in July 2022. Well before FID we will pursue clarity on the capital investment amount, on launching customers and on the financing of the total investment. A capital markets event will be announced once total clarity can be communicated with our stakeholders.

In closing: it’s even more about people

Like in any other year it once again became clear that it is all about people. For the craftsmanship and dedication of our employees, for the loyalty of our business partners, suppliers and customers and for the patience of our shareholders we want to express our sincere thanks. With confidence we look forward to the exciting period ahead of us.

Fred van Beers, CEO

Roermond, 17 March 2022

Information about Sif Holding N.V.

Sif Holding N.V. ("**Sif**") is a public limited liability company incorporated under Dutch law (naamloze vennootschap) that has its registered office in Roermond, the Netherlands and holds office at Mijnheerkensweg 33, 6040 AM Roermond, the Netherlands. Its telephone number is +31 475 385777 and its website is www.sif-group.com. The trade register registration number of Sif is 13016026. Sif's legal entry identifier ("**LEI**") is 724500JOBPD5CLHCK040. Sif is domiciled and incorporated in the Netherlands under Dutch law.

Vision and mission: supporting energy transition

We have a vision to accelerate the growth of offshore wind power generation as a key driver to the world's energy transition. For that purpose, our mission is to be the best monopile solution provider through innovation, engineering and excellent manufacturing with commitment to the environment and our employees' well being, all as confirmed by our customer.

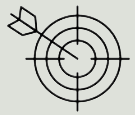
Core Values

The 'Sif spirit' is based on three core values that unite us and that distinguish us from our competition. These give direction to everything that we do, every day.

SIF'S CORE VALUES

Teamwork

The 'we' of Sif is super-strong both internally and externally. That is important, as we are a critical and vital component in the supply chain of offshore wind energy.



Focus on results

That's why we do the things we do. Together, we think carefully about the right focus to ensure that today is better than yesterday. Sustainable and quantifiable.

Ownership

Another word for commitment and responsibility. This starts with clarity about who does what in an open culture in which we approach one another with a focus on solutions and everyone's share in the bigger picture.

Company Profile

Sif's predecessor was founded in 1948 as a metalworking firm. In the 1970's, the company focussed on foundations for the oil & gas industry and on pressure vessels. The growth of the products and the related requirement for transport by water made the company relocate to its current facilities in Roermond in 1972. From 2000 onwards, Sif capitalised on the growth of offshore wind and became a first mover in monopiles and transition pieces. Over the last two decades, Sif has evolved to a leading provider of mission-critical tubular steel foundations to the offshore energy markets. Today's project-oriented manufacturing company employs 548 full-time equivalents at year-end 2021, realizing revenues of €423 million. To support our main services, we participate in (i) Smulders Sif Steel Foundations B.V. ("**SSSF**") for the supply of monopiles and transition pieces, in (ii) SBR Engineering GmbH for the development of special purpose welding equipment and in (iii) Twinpark SIF B.V. for the exploitation of the 13 MW GE Haliade X wind turbine. In 2021, we acquired all outstanding shares of KCI the engineers to strengthen our inhouse engineering capabilities. While Sif traditionally serves the Northwestern European markets, we increasingly consider the offshore wind market a global market.

Sif has two manufacturing facilities equipped with 47 Sif design welding machines and 8 rollers. The factory in Roermond (owned property since 1972; 10.8 hectares of which 6.1 hectare buildings; picture on page 9) is specialised in the manufacturing of cans and cones, transition pieces, pin piles, legs and pile sleeves with wall thicknesses up to 160mm and diameter up to 9 meter. These facilities are situated outside the dykes. The factory itself has never been flooded so far, but acces can be restricted or limited in case of very high water-levels in the rivers. The factory in Rotterdam (leased land with owned buildings since 2016; 62 hectares of which 20 hectares since 2019) is an assembly and coating facility, where cans and cones are assembled into monopiles and provided with protective coating. The factory in Rotterdam is situated on reclaimed land. None of the factories are situated adjacent to protected land for bio-diversity.

Sif is certified to ISO 9001, ISO 3834-2, API-2B/API-Q1, EN1090-1/EN1090-2, ASME U, U2, S, VCA**, ISO 45001, ISO 14001 and DNVGL-CP-0352 standards.

Strategy

Historically a manufacturer of tubular steel pipes for pressure vessels and jacket foundations, Sif redefined its business in early 2000 to focus on offshore wind and manufactured its first monopiles in the year 2000 for the Yttre Stengrund wind farm. Global energy demand continues to rise, fueled by population and welfare growth. Over two decades, the diameter size of the monopiles more than four-folded to enable the turbines to more than seven-fold in capacity. The dimensional growth of the foundations has strongly contributed to the decrease in Levelized Cost of Energy, the repeal of government subsidies and the growth of offshore wind production. Offshore wind energy can now compete with any alternative source of energy. Sif's aim is to contribute to a further increase and sustainable production of robust and affordable energy through offshore wind as a key driver to the world's energy transition.

Initially building its business model on 'build-to-print' manufacturing, Sif is now moving towards 'total solutions partnerships' offering engineering, manufacturing of extremely large unique monopiles and marshalling services for installation and decommissioning of offshore wind equipment. It takes a long term view to acknowledge and prepare for these trends. Sif is undertaking the following short- and longer term activities with a view to expanding and enforcing this niche position:

a. Optimizing its fabrication assets. On the back of expected growth of demand for offshore wind energy, demand for more and larger monopiles is foreseen from 2025. Sif is planning for adjustment and expansion of production facilities to meet this demand and produce an annual 200 monopiles with diameters up to initially ø 11.5 meter (with a step-up option to ø 15 meter) and a total annual volume up to 500 kilotons.
b. Developing design engineering. Early involvement with engineering know-how leads to solutions of enhanced qualtity for clients and designed-to-manufacture solutions for Sif;
c. Developing integrated transition piece alternatives. Limitation of offshore installation activities results in safer projects at lower risks and expenses. Single-piece foundations limit the amount of weather-sensitive offshore installation activities.
d. Growing logistic and marshalling services for installation and decommissioning of offshore wind farms. With offshore equipment and parts increasing in size, demand for onshore preparations and pre-assembly increases. Locations close to the wind farm sites limit the sailing-time and therefore transportation expenses and risks.
e. Strengthening competences for an EPC (Engineering-Procurement-Construction) role;
f. Promoting circular solutions for offshore foundations. Early-day wind farms are reaching the end of their technical or economical lifetime. It is expected that within the next five to ten years, demand for replacement will grow, including for removal of depreciated wind farm parts like foundations.

Key success factors

Capital, location and reputation are the thresholds to market entry. Sif's main competitive advantages are our proven track-record of being a reliable, fair and quality driven partner. Sif has state-of-the-art manufacturing facilities situated on 62 hectare land at Maasvlakte 2 in Rotterdam that is supported by our Roermond base-location. We have gained twenty years of experience and expertise in the safe manufacturing and on time delivery of mission critical monopiles and transition pieces for offshore wind installations. Our location in the Rotterdam area is ideally positioned for projects in the Western part of the North Sea and the USA. With a unique 400-meter quay with 15.6-meter draught, which is lengthened in 2021 to 600-meter and enriched by a new RoRo quay, we can handle multiple loadings of vessels for installation or logistic services in parallel.

SWOT analysis

INTERNAL / EXTERNAL	STRENGTHS	WEAKNESSES
INTERNAL EXTERNAL	> History and long-term view > Attractive market segment > Innovative technology > Track record and reputation > Skilled and experienced craftsmen and inhouse engineering services > Strategic location MV2 > Financial strength	> Single product/market company > Workforce composition (age, location) and labour shortage > Dependent on governmental policies > Volatility due to size of projects > Large, strong clients
OPPORTUNITIES > Pressure for climate change > Maturing and growing market > Geographic expansion to USA and Asia > Expansion in adjacent services to clients > Co-makership for steel plates	**STRATEGY** > Use engineering skills and core technology for development towards total solutions provider > Use strategic location of MV2 to serve clients with new products and services > Build on business partner relationships for full circular products and services	**STRATEGY** > Strengthen leadership role through diversification and circular production > Build on reputation as tier-one employer in industry of the future > Product development: floating wind farms, TP-less design and decommissioning
THREATS > Geopolitical instability > Political planning of new wind farms > Local content requirements > Shortage of raw materials and skilled labour > New entrants > Competing clean energy sources > Pricing-pressure to decrease LCOE	**STRATEGY** > Build on track record and reputation > Total solutions provider based on technological and geographical position and engineering capacity > Optimize production- and cost efficiency	**STRATEGY** > Diversify geographically to decrease dependence on single market > Construct local content by partnering with transport, field-welding and assembly contractors > Build and maintain long lasting co-maker relationships with key suppliers while having access to alternative sourcing for raw materials

Our objectives and performance

	Objective	Measurement	Target 2021	2021	Target 2022	Target 2025
1	**People:** A safe and healthy work place and permanent education	LTIF: Lost Time Injury Frequency	<1.5	4.98	<1.5	<1
		Sick-leave	< 5.0%	5.1%	<4.5%	<4%
		Training expenses in thousands	€ 400	€ 460	€ 500	ND
2	**Production facilities & innovation:** technological and market leadership	Participation in projects that will result in renewable energy capacity	Not specified	1,873 MW	Not specified	Not specified
		Expansion plan for state-of-the-art production facilities	Technological design complete	Technological design complete and marketing plan	FID and start of construction	New factory up and running
		Involved in design engineering of foundations to improve EPC position	Add engineering skills and capacity	Finalized Acquisition KCI the engineers	Not specified	EPC- Projects in order book
		Develop integrated transition piece alternatives	Certify scaled model for Skybox	Model certified	Full scale certificate	50% of order book TP-less
3	**Circular production:** Sustainable use of natural resources and limiting waste	% Recycling of manufacturing-waste	100%	97%	100%	100%
		Reduction of natural & propane gas consumption	< 2.0 and <2.4 cubic meters/ton respectively	2.8 and 3.1 cubic meters/ton respectively; replaced 4 gastorches by induction	tbd	tbd
		Reduction of gross and net CO2 emission	no target for gross, zero for net	3.7 kton gross CO2, zero for net	Gross tbd, zero for net	Gross tbd, zero for net
4	**Communications:** Competitive position outside Europe	Related to market awards trends	Invitations for US-tenders	First foundations for Japan delivered	Book non-EU project	Plan for non-EU expansion
	Discount on financial expenses	CO2 emission and safety performance	0.05% discount on banking fees	Not achieved	0.05% discount on banking fees	0.05% discount on banking fees

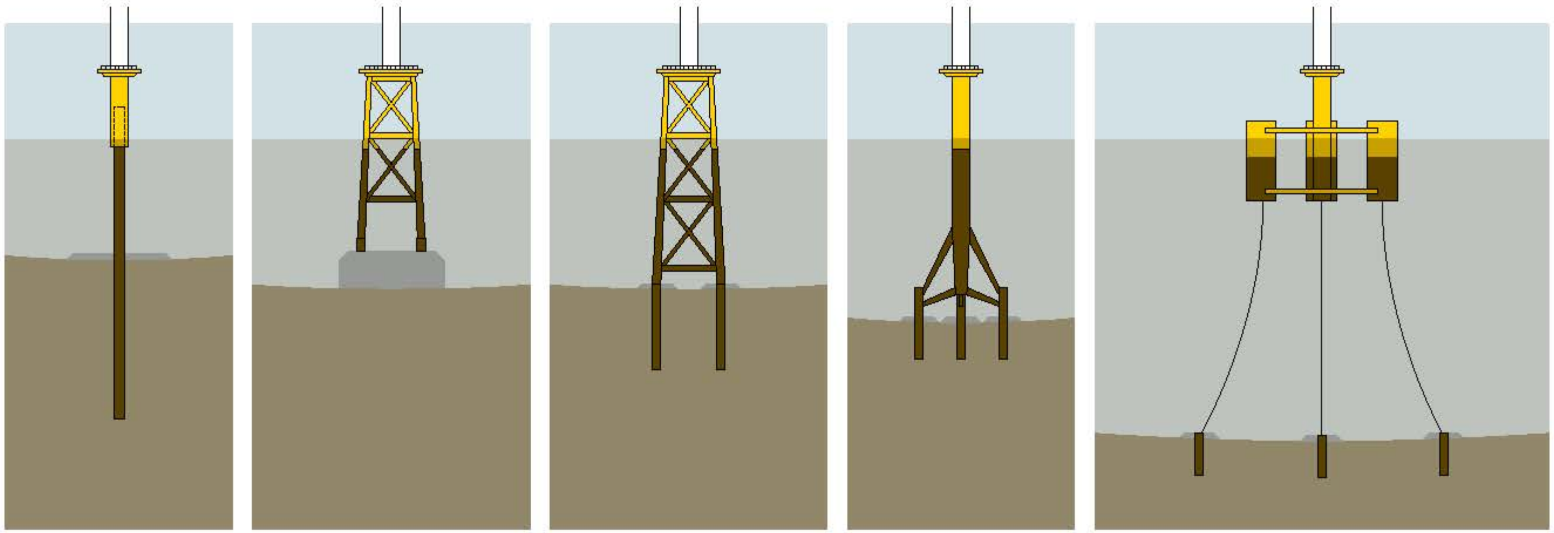
5	**Financial:** Financial continuity	Healthy financial position; Sound financial ratios. Banking covenant: Total debt/EBITDA (ex-IFRS 16)	<2.5	0	<2.5	ND
		Banking covenant: Solvency; Equity/Total assets (ex IFRS 16)	>35% after dividend	47.8%	>35%	ND
	Healthy working capital		Neutral working capital	-65.8	Neutral	Neutral
	Good ROACE	EBIT/average equity+loans-cash and excl lease commitments	ND	43.2%	ND	ND
	Attractive return to shareholders	Return to shareholders	25-40% of net earnings	€0.19/share = 42% of earnings	25-40% of net earnings	25-40% of net earnings

Sif business overview

Products

Offshore foundations

Sif designs and manufactures foundations for the offshore energy industry. These foundations mainly consist of monopiles, transition pieces and pin piles. Pin piles are used to anchor foundations. The monopile consists of a large tubular structure, typically with conical sections to reduce the diameter from the bottom to the top. Monopiles are customized based on the specific needs of a customer with respect to the design of the product. There is a range of foundations for offshore energy projects as is illustrated on the next visual.



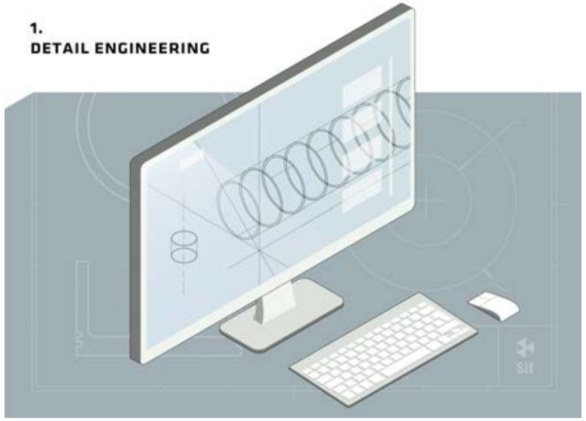
Monopile	Gravity based jacket	Jacket / pinpiles	Tripod	Semi-submersible
WATER DEPTH up to 60 m	WATER DEPTH 30 to 80 m	WATER DEPTH 40 to 80 m	WATER DEPTH 60-100 m	WATER DEPTH 100-300 m

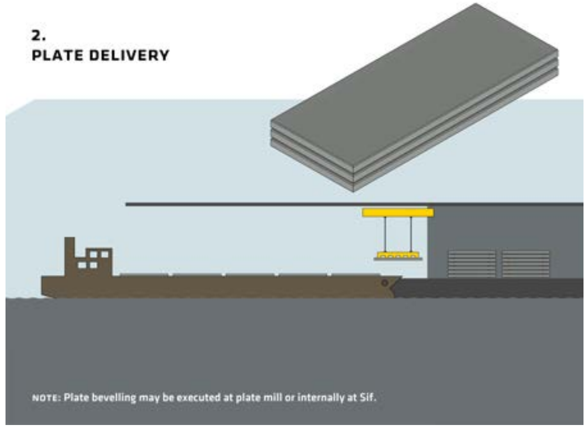
The selection of a foundation depends on a number of factors, including water depth, wind- and wave impact and the composition of the seabed. Of the different types, the monopile is the only one solely used for offshore wind installations. The monopile has an estimated market share in Europe of more than 80% and approximately 70% worldwide, simply because it provides the best value for money. It can be used in water depths up to 60 meters. Other foundations serve both wind- and oil & gas markets. Since monopiles are not suitable for rocky seabeds, jackets or gravity based foundations are used as alternatives in these situations. Floating foundations are the only alternative for deepwater solutions.

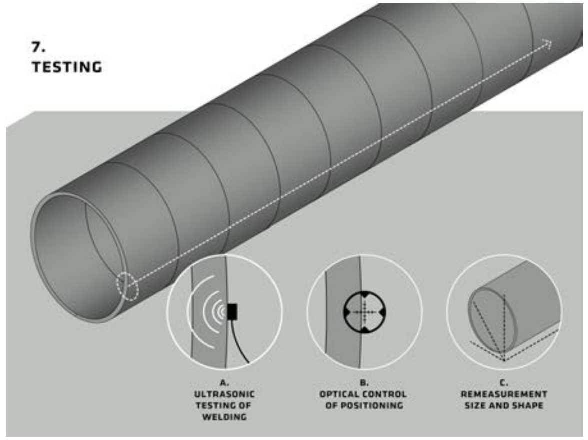
Monopile foundations are often combined with a transition piece. Sif manufactures the primary steel for these transition pieces. Where the monopile is uniquely designed and manufactured for its position in a wind farm, transition pieces are standardized. After installation of the monopile, the transition piece is installed on top of the monopile and includes secondary steel components like boatlandings, ladders and switchboards. More recent designs are based on transition piece-less solutions whereby the secondary steel items are directly installed on the monopile.

The supply chain for offshore foundations and more in particular for monopiles, includes the design of the monopiles on the basis of site-survey information, iron ore mining, steel manufacturing, flange manufacturing, detail-engineering, rolling and welding of steel for monopile and transition piece manufacturing, outfitting of transition pieces or transition-piece-less monopiles with platforms, boat landings, switch-boards, and the blasting and coating of completed foundations after which the completed foundations are transported to the wind farm location to be installed.

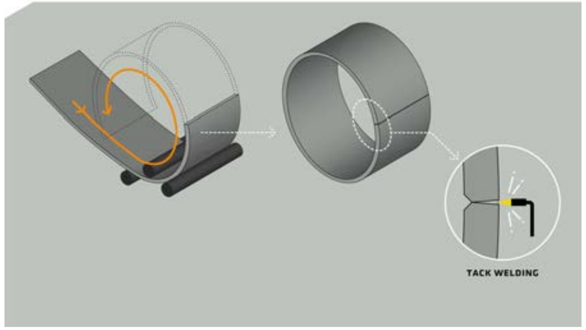
Sif's core competences are the detail engineering, the serial rolling, automated welding and coating of the extremely thick steel plates to create unique tubular offshore foundations (monopiles and transition pieces) and foundation components (jacket legs, pin piles and pile sleeves). An overview of Sif's manufacturing steps is reflected on the pages 15 and 16. Design, iron ore mining, steel and flange manufacturing, outfitting of transition pieces and transition piece-less monopiles and coating of completed products are competences of Sif's business partners (suppliers, joint venture partners or subcontractors).



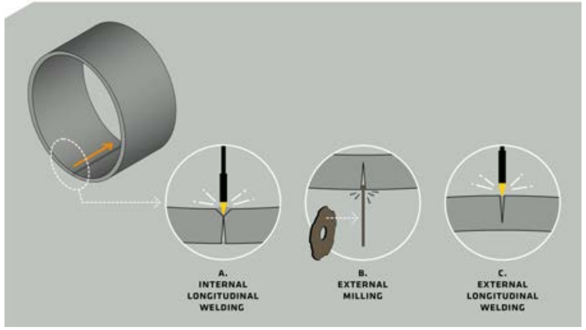




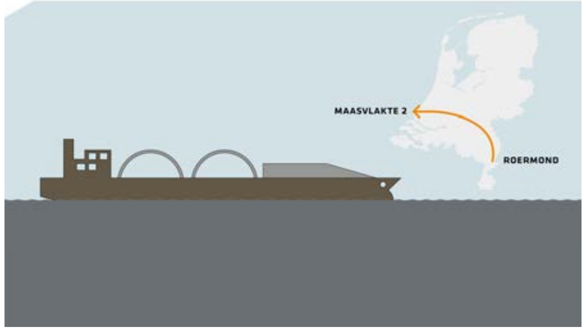
3.
ROLLING, POSITIONING AND TACK WELDING



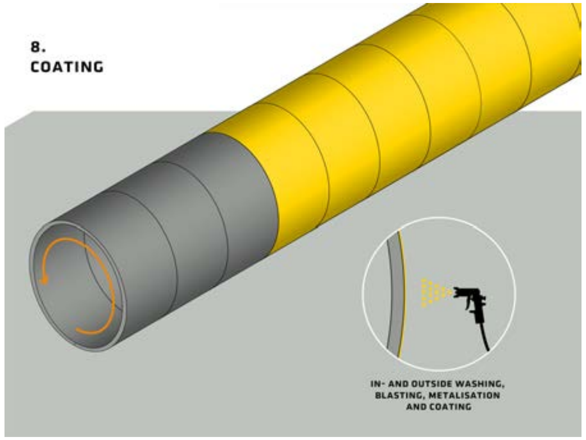
4.
LONGITUDINAL WELDING



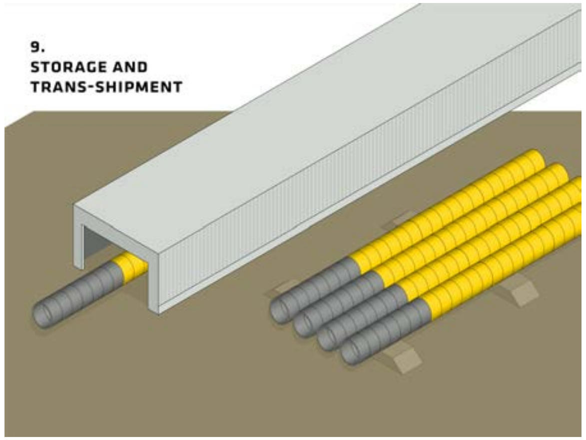
5.
TRANSPORT CANS, CONES AND SECTIONS TO MAASVLAKTE 2



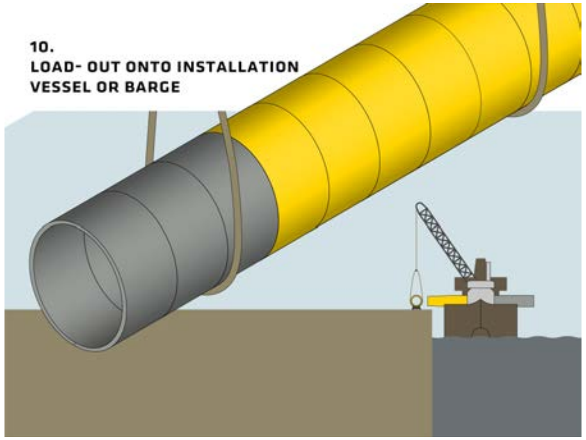
8.
COATING



9.
STORAGE AND TRANS-SHIPMENT



10.
LOAD- OUT ONTO INSTALLATION VESSEL OR BARGE



Engineering
In 2021, Sif acquired KCI the engineers. The purpose of the acquisition was to enforce the detail engineering capacity of Sif and to service clients with engineering skills. KCI the engineers is an established brand in offshore and maritime engineering and services clients in the energy and leisure sector.

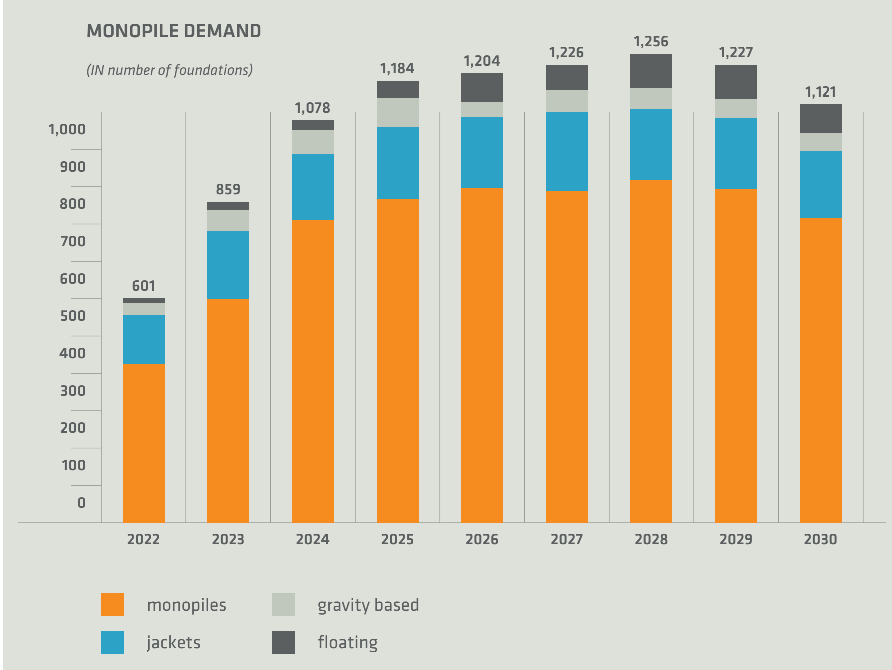
Marshalling
With marshalling activities, Sif is, on the one hand, anticipating on the trend in growth of dimensions of offshore installations and the demand from clients to have assembly hubs close to the sail out location and the wind farm. On the other hand, Sif is anticipating on the decommissioning market that will open up when wind farms come to the end of their lifetime, which is expected five to ten years from now. Sif started marshalling activities in 2019. Clients are serviced with space and (manned) equipment to assemble and sail-out their products or, for decommissioning activities, to land their depreciated products and dismantle them for recycling or scrapping. For this purpose, Sif expanded their space in Maasvlakte 2 by the lease of an additional 20 hectare in 2019.

Markets
Sif serves the global offshore wind energy markets and contributes to the global energy transition.

Market trends and developments
Following decades of discussion and ignorance, the world has meanwhile generally accepted that the climate is changing, largely influenced by the use of non-sustainable energy sources like coal, oil and gas. In 2020, 83.1% of the world's energy consumption came from exhausting fossil energy sources (31.2% oil, 27.2% coal and 24.7% gas) and 16.9% came from renewable energy sources (6.9% hydro, 4.3% nuclear and 5.7% wind & solar) (Source: BP statistical review of world energy 2021). World leaders have agreed that a net zero emission should be pursued by 2050, amongst others by changing this energy mix, to maximize heating of the earth to 1.5C. Initiatives were amongst others announced in Europe, by way of the European Green Deal. The Green Deal program sets out priorities for 2019-2024 that should enable a net reduction of greenhouse gas of 55% by 2030 compared to 1990 and a net zero exhaust of greenhouse gas by 2050. In the USA, the Biden administration announced to cut greenhouse gas emissions with 50-52% by 2030 compared with 2005 levels and a longer term goal of net zero emissions by 2050.

IRENA has estimated that wind contribution of 21% by 2030 and 35% by 2050 is needed to achieve the targets for these respective years (Source: International Renewable Energy Agency IRENA; Future of Wind, October 2019). The European Green Deal is looking at at least 300 GW European offshore wind capacity to achieve the target for 2050. The USA has set a target offshore wind production capacity of 30 GW by 2030 at the latest. On a global scale, targets in 2021 increased to 244 GW by 2030. This will result in a four fold growth by 2030 compared to 2021, when global grid-connected offshore wind power increased by 61% from 34 GW to 55GW (source: Wood Mackenzie; 2021 in review for the offshore wind sector, January 2022). Despite tender activity hitting a record year with 18 GW awarded in 2021, realization of growth ambitions requires a drastic acceleration of project leadtimes. The projects that were grid-connected in 2021 took on average six years from announcement to completion with leadtimes in Europe being considerably longer.

‘With 55 GW installed capacity at the end of 2021 and 244 GW targeted for 2030 in the EU, project leadtimes need to speed-up to achieve the ambitions of more than quadrupling offshore wind capacity’



It is expected that from 2022, 80-85% of offshore wind farms in Europe will be based on monopile foundations. Globally this is approximately 70% since wind farms outside Europe often need to be installed on jackets due to less favourable soil and weather conditions or because they are planned in deeper waters. In the period 2022-2030, the majority of all wind farms will be equipped with 10MW+ turbines with the majority of wind farms after 2025 using turbines of 15 MW and larger. Based on these assumptions and specific projects in the pipeline, it is expected that the market demand for monopiles in Europe and East Coast of the USA will gradually increase from approximately 800 units in 2024 to 900 in 2028. For the period following 2028, projects are not specific enough to project a reliable demand-forecast. This is the reason that the below monopile demand graph shows a downward trend from 2028.

These developments will command the entire supply chain to adjust their products and equipment to the next level turbine dimensions; installation vessels need to adjust loading and installation capacity; manufacturers of foundations need to adjust their production facilities to enable the manufacturing of larger and heavier foundations. From 2025 untill 2030, the vast majority of monopiles in Europe will be in the 9 to 11.5 meters diameter range. In the USA, diameter sizes are typically slightly larger due to more difficult soil and stronger requirements to withstand the hurricane season. Monopiles above 11.5 meters are therefore more common in the USA in the future.

Clients

Clients for both foundations and marshalling activities are energy companies such as Eneco, E-on, Equinor, Iberdrola, Innogy, RWE, Shell, Vattenfall, developers such as Orsted, SSE, Triton Knoll and EPCI (Engineering, Procurement, Construction and Installation) contractors and fabricators such as Boskalis, Dragados, Eiffage, Geosea DEME, Heerema Marine Contractors, Jan de Nul, Kvaerner and Van Oord. Our geographic focus is on projects in Northwestern Europe, with a growing interest in Northeast American initiatives. Most of Sif's projects are for clients in Europe and most relate to the manufacturing of monopiles for contract partners in the offshore wind industry:

AMOUNTS IN EUR '000	2021
The Netherlands	270,701
All foreign countries:	
European Union (EU)	4,733
Rest of the world	147,107
Total revenue	422,541

AMOUNTS IN EUR '000	Wind 2021	Marshalling 2021	Other 2021	Total 2021
- Revenue from construction contracts	411,055	3,344	4,097	418,496
- Operational lease income	-	2,455	1,590	4,045
Total revenue	411,055	5,799	5,687	422,541

Business partners

Sif has strategic partnerships with AG der Dillinger Hüttenwerke (**"Dillinger"**) in Germany for steel plates, Euskal Forging AG in Spain for steel flanges, Eiffage Smulders in Belgium for steel applications to transition pieces and Van Ginkel Groep in the Netherlands for blasting and coating.

Monopiles are composed of large and heavy steel plates up to 42 ton each that are mostly manufactured and supplied by Dillinger in Saarland Germany. Almost all installed wind farms are still in use and are expected to reach the end of their lifetime from five to ten years from now. At the end of their long service lives, steel products become scrap and thus an important feed material for the production of new steel. Application orientated recycling assures infinite reuse. Sif and Dillinger are preparing for the recycling of steel after decommissioning of wind farms.

All blasting and coating is executed and supervised by staff of Van Ginkel in Sif's facilities at Maasvlakte 2 in Rotterdam, complying to Sif's safety, quality and environmental standards.

Competition

In 2021, Sif manufactured its 2,200th monopile. Sif (the Netherlands), EEW Special Pipe Constructions GmbH (Germany) and Steelwind Nordenham GmbH (Germany) are the main industrial manufacturers of monopile foundations that have a longer manufacturing history and that built a combined market share of almost 90% over the past ten years with a total annual production capacity of approximately 500 monopiles. In addition, Bladt Industries A/S (Denmark) has limited monopile production capacity and according to Wood-Mackenzie, had a market share of approximately 10% over the past ten years (Source: Wood-Mackenzie Global offshore wind power foundation & substation order and supply chain engine room: Q2 2021).

'Sif has manufactured its 2,200th monopile in 2021 and has built a marketshare of close to 40% in monopiles'

Haizea and Windar/Navantia in Spain, EEW-Orsted in New Jersey, USA and SeAH in the United Kingdom announced initiatives for investing in monopile manufacturing plants. Haizea has announced a first order for large monopiles early 2022, EEW and SeAH both indicated that their new plants are scheduled for first production in 2023 and 2026 respectively. They both announced a first order in 2020 and 2021 respectively. All monopile foundations, also for projects outside Europe (USA, Taiwan, Japan), are initially fabricated or prefabricated in Europe after which they are shipped to and possibly assembled at their destination.

Operating and Financial Review

With products and services geared at growth of offshore wind energy production, Sif contributes to a more sustainable world. Since 2021, Sif has reported on its environmental, social, financial and governance performance in a more combined and integrated way. In this section of the annual report, we explain what human, societal and natural capital Sif employs and what Sif's views and policies are on the deployment of these sources. We also report on how Sif engages with its various stakeholders to ensure alignment between Sif's ambitions and their needs. These entail: employees, shareholders, suppliers, customers and partners and end users such as governments, local communities and civil society.

The application of financial capital is explained in pages 66 through to 68.

Stakeholder dialogue

The delivery of products and services in line with Sif's mission and values, requires alignment of all Sif's stakeholders. In case of alignment on processes and procedures, the end product will be satisfactory to serve purpose. Sif considers dialogue essential to establish and maintain effective working procedures and policies that have the support of the different parties in the total chain. Sif also is convinced that dialogue results in content and stimulates innovation.

Internal stakeholders	Employees	Employees are based in our Dutch Roermond and Maasvlakte 2 Rotterdam locations and in the KCI the engineers office in Schiedam. We prefer to communicate personally or through the intranet, publication boards, staff-magazine and narrowcasting. Most of our employees are craftsmen with limited online-access during working hours. We use screens, toolbox meetings, frequently scheduled information sessions for all employees and cascade-communications. The emphasize here is on the ‘why?’ to support our management in answering questions from their teams. Sif rolled out a corporate culture program to align employees on vision, mission, core values and targets of the company. This will be supported by a revised Code of Conduct in 2022. Sif used to conduct annual employee satisfaction surveys until a few years ago and will reinitiate these in 2022 to get feedback on amongst others this culture program. In 2020 a PsychoSocial Workload (PSW) survey was done in addition to the annual Medical Preventive Examination (MPE). Considering that almost 50% of our workforce are non-Dutch; English, German and Dutch are our languages of communication. With respect to certain shopfloor positions, we apply the master-student principle of a learning organization.
	Shareholders	We build on a relationship of trust that we may draw on when access to capital is needed. We communicate electronically (through e- mail, website, social media and audio or video webcasts of results presentations), at AGMs, capital markets days or shopvisits which we organize on a regular basis for our (potential) shareholders. Following the release of our annual and interim results we hold one-on-one meetings with investors and potential investors, preferably in person and in recent times often through videocalls. We participate in investor conferences from time to time. In our communications, we adhere to our policy on Fair Disclosure that is published on our website. This includes amongst others a blackout period of 4 weeks before scheduled quarterly results presentations or updates. The COVID-19-outbreak has caused a shift from vis à vis to virtual meetings with investors from 2020. We expect this to be the new standard for the majority of the one-on-one or one-on-small group meetings, also going forward. For the AGM in 2021, we appealed for the temporary emergency law that applied in the Netherlands in view of the COVID-19 pandemic. This law made it possible to organize virtual shareholders meetings. We organized a video webcast with possibilities for shareholders to vote in advance and to ask questions both in advance and live through electronic media. In 2021, we had 20 participants in the AGM.

External stakeholders	Customers	On average, Sif has between 2 and 6 projects in execution in any year. It often takes between 3 and 6 years from initiation of a project to completion. This implies we have close and long relationships with our clients, who often buy our products and services on the basis of co-development. We often engage with our clients on a person-to-person basis and we meet clients and potential clients at trade shows or other events. COVID-19 restrictions prevented this in 2021. During manufacturing, inspectors and other representatives of clients visit our offices on a very frequent basis or are sometimes stationed at our offices for the duration of the manufacturing process. In 2021 Sif started sending out customer satisfaction surveys to customers, with whom we recently signed a contract. The first two surveys related to the projects Dogger Bank A, B and C & Ballast Nedam for Maasvlakte 2. For completion of the surveys, we use “Questback”, a survey tool and feedback platform. A template has been made, which we customize to the specifics of each customer or new project. General feedback is the high trustworthyness and quality of Sif’s products and services. Room to improve is in Sif’s flexibility. Not all projects are equal in size or complexity. This could according to responding clients be better reflected in Sif’s attitude in contract negotiations. With a view on the longer term, we engaged with our clients to discuss their plans to increase turbine capacity. The increase that we see results in demand for bigger foundations and require Sif to invest in adjustment or expansion of production skills and facilities. To get a clear view, we also engaged with other parties in the supply chain that need to adjust or increase size: installation companies for their vessels and equipment, flange suppliers, steel manufacturers etc.
	Labour markets	Labour markets are tight, especially for skilled and experienced craftsmen. In order to fill vacancies, Sif often recruits new employees internationally through staffing agencies. With a view to filling vacancies for the longer term, Sif maintains close contacts with technical schools and educational institutes and is often represented at trade fairs if not restricted for COVID-19 measures. Sif applies the master-student principle for training rolling and welding specialists. We are developing a labour market communications campaign to strengthen Sif’s position as an employer.

External stakeholders	Suppliers	In order of size, Sif's main suppliers are for steel plates, flanges, corrosion protection, temporary personnel, logistics, welding equipment and materials. For these suppliers we use approved vendor lists. We strive to maintain close personal relationships with these suppliers given their importance in facilitating our innovations and growth. We do complete assessment forms on an annual basis but it was determined in 2021 that supplier assessment at Sif was not a dynamic process. This has resulted in an altered vendor questionnaire which is still work in progress since it lacks certain sustainability and financial assessments. In addition, we are in close contact with suppliers of other parts of a wind farm since they may influence our products by the choices they make. Vice versa they are interested in state-of-the-art foundation techniques since the drive for larger installations needs to be facilitated by foundations. This applies to turbine manufacturers more in particular.
	Banks/credit insurance companies	In addition to equity and retained earnings, Sif finances its business through bank facilities. We keep the banking syndicate informed of the risks and our risk management and guide them on expectations for future results and activities. We communicate through bank- meetings, on a one-on-one basis, as well as through quarterly reporting, subject to the rules of our fair disclosure policy.
Indirect stakeholders	Governments	Governments make decisions regarding energy sourcing and commit to sustainability targets. They issue regulations and initiate projects for wind energy and sometimes subsidize innovations or projects. We communicate through media and at networking events. Tuning of developments with the various parties in the supply-chain can improve efficiency and be beneficial to the required energy transition. Companies that are involved in the design and manufacturing of foundations have joined forces in the Offshore Wind Foundations Alliance to pursue a level playing field and standardization of certification processes related to the foundations of offshore wind turbines. The Offshore Wind Foundations Alliance is an interlocutor for the European Union as well as for EU member states.
	Schools, universities, research and educational institutions	We need new employees for succession and to infuse the newest technologies. If not restricted for reasons of COVID-19 lockdown, we regularly attend trade fairs, where we present ourselves as an attractive employer. We use social media to create awareness and interest in our company. In addition, we cooperate with technical universities for innovation.
	Competition	We operate in a transparent market with a limited number of clients, projects and suppliers of monopile foundations. The size of the (limited number of) projects entails the risk of volatility in utilization, revenues and income. Fair competition is one of the principles set out in our Code of Conduct. In this respect, the contacts with competitors are strictly limited to technical discussions on dimensions with respect to quality and safety.

Analysts	Financial, industry and sustainability analysts closely track Sif, our competition and our markets. Observing blackout periods every four weeks prior to release of quarterly updates and disclosure restrictions, we are in permanent dialogue with financial, industry and sustainability analysts, organize meetings with financial analysts twice each year in March and August and participate in sustainability surveys of, amongst others, CDP, ISS and MSCI. Aggregated results of these ESG surveys are reflected on website under ESG.
Local residents, neighbours	The plants Sif operates involve traffic flows, heavy transports, nightwork and may cause noise pollution. Although they are located in industrial areas, we may cause nuisance. We are in contact with our neighbours and guide them on activities we undertake especially during night and weekend-hours.

We seek to minimize risk and take advantage of the opportunity around energy transition, thereby transforming the capital inputs into value and positive impact. We especially try to have a positive impact through our engagement in relation to the Sustainable Development Goals ("**SDGs**"). We engage with all 17 SDGs, especially on the four shown in the visual later in this paragraph. We will explain how we contributed to these four SDG's of the United Nations by serving our markets and applying our resources within the contraints and principles of our Code of Conduct. The level of success determines the added value of the company to various stakeholders over a longer period.

EU taxonomy

Introduction

In pursuit of a 55% reduction in greenhouse gas emissions in the European Union ("**EU**") by 2030 from 1990 levels and the objective of becoming climate neutral by 2050, the EU has issued laws and regulations as an element of the European Green Deal. Part hereof are the EU Taxonomy and Transparency Regulations that entered effect in January 2022 and March 2021 respectively. The EU Taxonomy Regulation provides that listed entities with more than 500 employees, amongst which Sif, that are required to publish non financial information under the Non Financial Reporting Directive ("**NFRD**") should disclose information to the public on how and to what extent their activities are associated with environmentally sustainable economic activities as defined under the EU Taxonomy legislation. Related to this EU Taxonomy Regulation, the European Commission published a list of economic activities that contribute to the achievement of the 2050 target. The information relates to eligible revenues, eligible capex and eligible opex. For revenues, connection is found with the definition for revenues in the annual accounts reported under revenues from construction contracts, revenues from marshalling activities and revenues from engineering. For capex and opex, connection is found with the definitions for capex (the proportion of the capital expenditure of an activity that is either already taxonomy aligned or is part of a credible plan to extend or reach taxonomy-alignment. Capex provides a dynamic and forward looking view of Sif's plans to transform their business-activities) and opex (the proportion of the operating expenditure associated with taxonomy aligned activities or to the capex plan. The operating expenditure covers direct, non-capitalised costs relating to research and development, renovation measures, short term lease, maintenance and other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment that are necessary to ensure the continued and effective use of such assets) in the taxonomy.

The EU Taxonomy and Transparancy Regulations have only recently been implemented and leave room for interpretation. Sif intends to analyse possible unclarities and refinements to the interpretations now followed.

Eligibility assessment

Sif has five types of activities, as are explained in more detail elsewhere in this annual report:

> The production of monopiles, transition pieces and pin piles for the offshore wind market. This activity is entirely mapped to NACE code C25.11 "Manufacture of metal structures and parts of structures". The activity is EU taxonomy eligible;
> Marshalling and logistics services to clients for their offshore wind installation activities. This activity is mapped to NACE code H52.22 "Service activities incidental to water transportation", which includes "operation of terminal facilities such as harbours and piers". These activities are not related to the activities of Sif and thus these activities are not eligible. The marshalling activities of Sif relate to availability of space and services to offshore contractors who operate an onshore hub for preparation of their offshore installation activities. These activities are not reflected in the EU taxonomy;
> Engineering services for renewable energy, oil and gas and leisure, which is mapped to NACE code M71.12 "Engineering activities and related technical consultancy". In relation to engineering services for the renewable energy market, the engineering services enable the economic activities of Sif's customers to meet the criteria for substantial contribution to climate change mitigation. The operators of wind farms and installation vessels are applying the results of the engineering service in their contribution to renewable energy technologies. The engineering activities of Sif for these clients are therefore eligible. The engineering activities related to the oil and gas and leisure market are not enabling Sif's customers to meet the criteria for substantial contribution to climate change mitigation. These engineering services are therefore not eligible;

- Renting out the wind turbine generator until the certification period is completed and ownership of the wind turbine generator is transferred to Sif. These renting activities of Sif are not EU taxonomy eligible.

Based on article 8(2) of the EU Taxonomy Regulation, the portion of turnover, capital expenditure (capex) and operating expenditure (opex) that relates to assets or processes associated with economic activities that qualify as environmentally sustainable is as reflected in the table below.

	turnover	capex	opex
Taxonomy eligible activities	98%	55%	93%
Taxonomy non-eligible activities	2%	45%	7%
Total €1,000	422,541	15,624	10,603
Reference to FS	Note 7	Note 15,16,32	

A full reconciliation was made to the total reported sales, capex and opex information to avoid double counting in the allocation of the numerators.

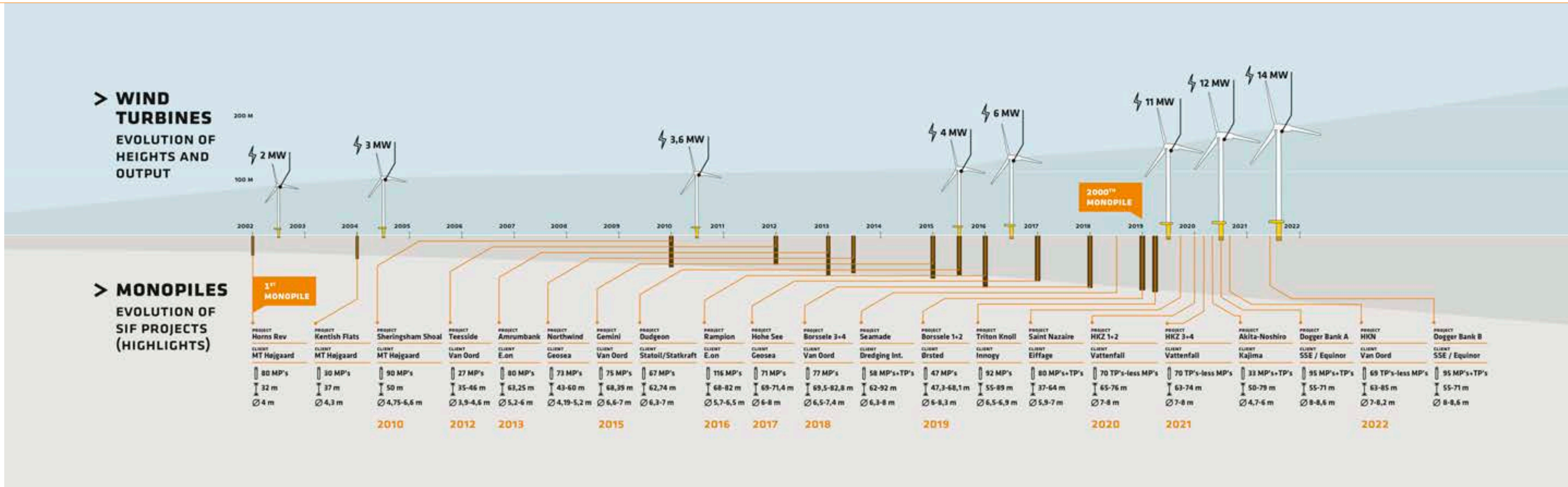
Market conditions

Growing demand AAGR 28.9% pa

On the back of increasing ambitions of different countries for energy transition, expectations for demand for offshore wind production units have increased also in 2021. Industry analysts at WoodMackenzie now expect a global average annual growth rate ("**AAGR**") of 28.9% for the 2020-2030 period (source: WoodMackenzie; Global Wind Power Market Outlook Update Q4 2021 dated 24 November 2021). The growth in demand is driven by climate related intercountry agreements and by the constantly decreasing costs of offshore wind energy.

'Monopile foundations have contributed to decreasing costs of offshore wind energy, making affordable and sustainable energy accessible.'

Demand for offshore wind energy is directly related to the levelized cost of electricity ("**LCOE**"). Despite the increasing costs of ever bigger wind turbine generators, foundations and installation vessels, LCOE for offshore wind electricity is expected to drop significantly by an estimated 53% towards 2025 compared to the 2014 level (source: Wood Mackenzie Global offshore wind revenue dynamics 2021, 30 November 2021). Cost reductions from optimized production processes and design efficiencies have increased demand for offshore wind, leading to further industrialisation of not only wind turbines but also foundations, installation and other elements. Furthermore, interest rates have been and are expected to remain fairly low while technical advancements allowed turbines to grow more rapidly than experts previously predicted. These increased turbine sizes are also viewed as a critical driver for LCOE reduction. Over the past 20 years, turbine sizes have increased almost seven-fold:



Prices of offshore generated wind energy fell further below the levels of traditional energy-sources and contribute to access to affordable, reliable and sustainable energy. Foundations generally are ordered three years ahead of gridconnection. We have seen confirmation of the expected growth in our tender activity and in our order book additions in 2021 that now stretches into 2024.

Product development; efficiency is key

In 2021 Sif worked on the projects Hollandse Kust Zuid (the Netherlands) and Dogger Bank A (United Kingdom). Total production in 2021 included approximately 171 Kton or 188 monopiles and primary steel for 55 transition pieces for these projects. The foundations for these projects with diameters up to nine meters are designed and manufactured to carry turbines with capacity ranging from 10 to 15 MW, which is the standard for the next two to three years. Further energy output and cost savings can be realized by increasing size or by innovations to existing technologies. Turbine manufacturers are now looking at capacities above 15 MW for the period beyond 2024 and have invited parties in the production-chain to facilitate this growth. For foundations this implies larger diameters and lengths while decreasing the relative amount of steel. To analyze implications for production at Sif, a research project was initiated with external expertise in the field of production technology and logistics and for strategic market developments (supply/demand/pricing). Following completion of these studies with positive outcome, Sif invited financial advisors to assist in preparing a financing strategy. Starting points for the new and adjusted facilities are a production volume of 500 kiloton per year, manufacturing of 200 monopiles per year, maximum diameter of 11.5 meters initially with a step-up option to 15 meters. Part of the financing to be provided by launching customers.

Sif has a permanent innovation agenda consisting of either offshore wind energy projects with embedded innovations or dedicated innovation projects that aim at higher output, lower manufacturing costs, lower installation expenses, shorter and safer offshore installation, faster manufacturing, extended lifetime or less nuisance to the environment. Examples of embedded innovations are the slip joint connection or the transition piece-less designed monopile where savings are realized in steel costs and in installation time at sea which is shortened drastically. The innovation that contributed to this solution is the Skybox where Sif's designers worked together with DOT (Delft Offshore Turbines) and consulted with technicians to realize a connection between the monopile and the tower that slides over the monopile with a slip joint connection. The Skybox uses the slip joint technology to install the secondary steel on the monopile with one offshore hoist. The use of a catcher plate at the bottom of the Skybox makes it suitable for dynamic positioning installation vessels. It is a new application of slip joint technology.

‘Innovations that increase output, decrease costs, extend lifecycles and limit residual nuisance contribute to sustainable energy production and affordable energy over a longer term.’

Another example of Sif’s innovative drive is the Hollandse Kust Zuid project where Sif has optimized the design-to-production process by applying design engineering. To expand engineering services for earlier involvement in the design process, Sif expressed its intention to acquire KCI the engineers late 2020. This engineering company with 50 FTe’s has extensive know-how of offshore structures in various parts of the world. The acquisition was completed in March 2021.

Sif is a member of “Growth through Research development and demonstration in Offshore Wind (“**GROW**”)” and involved in a number of innovative projects that support the application of monopiles in offshore wind projects which in 2021 included floater designs, alternative materials for monopiles and sustainable installation of very large monopiles.

‘Sif’s innovations are project-embedded, innovation-projects or in partnership under the GROW umbrella.’

Contract wins in 2021 included Dogger Bank C (87 foundations and transition pieces, 130 Kton).

Our contribution to energy transition

Sif launched the monopile at the beginning of this millennium and has now produced over 2,200 of the approximately 5,500 installed monopiles in Europe. In early days, a monopile served as the foundation for a turbine with 2 MW capacity. Last year monopiles were manufactured that aim to carry 14 MW turbines. If we multiply the number of monopiles produced with the turbine capacities that were or are installed thereon, Sif has thusfar contributed to a capacity of almost 12,000 MW of clean, sustainable wind energy. In 2021 Sif completed 210 monopiles to serve as foundations for 1,873 MW installed offshore wind capacity. A monopile is included in the calculation for installed energy capacity when the monopile has its completion certificate after production. This is different from the basis we use for financial reporting the number of produced monopiles, which is based on percentage of completion (“**POC**”) of projects. Reference is made to the definition in the reporting criteria in this annual report. Besides this contribution to the displacement of CO2-emitting energy, Sif has also examined its own CO2-footprint.

Resources for our operations

Our efforts, targets and the application of our resources for contribution to a more sustainable world are more specifically aimed at numbers 7, 9, 12 and 13 of the 17 SDG's that the United Nations have identified in their Global Compact strategy. We contribute to Climate Action (SDG 13) and for that purpose cooperate with others for Industry, Innovation and Infrastructure (SDG 9), we cooperate for Affordable and Clean Energy (SDG 7) and we cooperate for Responsible Consumption and Production (SDG 12).

From 2023 Sif manufactures on a zero safety-incident basis and contributes to SDG's 9 and 12;

By the end of 2021 Sif employed 548 employees in a 24/5 operation. This implies that every hour of the week (weekends excluded) around 200 people are working for Sif, suppliers and subcontractors excluded. Safety incidents disrupt production and can have a serious impact on witnesses to the incident.

From 2025 Sif's need for power is fully based on renewable energy and contribute to SDG's 7,12 and 13;

The compensation of CO2 emissions by certificates of origin or variants thereof is an option for operating as a CO2 neutral entity. The pollution comes at a price. As Sif, we have also made use of this in recent years. However, we are ready for the next step, an intrinsic motivation not only to stabilize the burden on the planet with CO2 by simply pricing and trading the exhaust, but to actually reduce it.

In 2021 the gross carbon dioxide emission by Sif was 3,669 tons or 21.5 ton per kiloton of processed steel (3,157 tons or 19.3 ton per kiloton in 2020). In 2022, Sif will take further steps to reduce this CO2 emission. Our commitments include:

> Pre-heating of welds by gastorches will be replaced by induction pre-heating in 2021-2022. In 2021 the first four induction machines were installed. In 2022 remaining gastorches will be replaced by induction machines for all circumferential welding to reduce consumption of natural gas and propane gas by 20% and

> Heavy transport vehicles (trucks, SPMT) will be fueled by bio diesel and alternatives will be explored for shipping. The use of diesel (for transportation) and natural gas (for heating) are responsible for 94% of our CO2 exhaust.

From 2027 Sif manufactures on a zero waste basis and contributes to SDG's 12 and 13;

Zero waste refers to the circularity of the products we manufacture and to the process of manufacturing itself.

Monopiles are completely manufactured in steel. No other materials are applied except for preservation. The first monopiles were manufactured and installed early this millennium. Based on a 25-to-30-year lifetime of a wind farm, the first ones will become redundant or economically depreciated in five to seven years' time. Depending on the soil conditions of the sea-bed, monopiles are hammered to sometimes 30 meters depth. Circularity implies complete removal of the monopile (rather than cutting it at two meters below the mud-line), cleaning of the preservation and re-use of the steel. And therefore, circularity requires a supply-chain approach. With main supplier Dillinger, Sif has embarked on a plan for circular and CO2 neutral production of steel for monopiles. This plan is aimed at full CO2 neutral production of steel by 2045 whereby in the period 2030-2045 securization of sufficient supply of green energy and green hydrogen is foreseen and complete conversion to CO2 neutral production will be established.

Zero waste implies a zero waste production in Sif's facilities. We will involve the full supply chain (steel industry, monopile manufacturing, preservation contractor and installation/decommisioning companies) to present a zero waste strategy by 2023 to manufacture zero-waste by 2027 at the latest.

Sif maintains leadership in the global supply of offshore wind foundations and contributes to SDG's 7, 9, 12 and 13.
Sif now produces monopiles for 60 meters water depth, tens of kilometers from the coast. The current dimensions and quality offer the possibility to install turbines with approximately 13-14 MW capacity. Up to 60 meters waterdepth, the monopile is economically and technically the best solution. Floating wind farms are the sole option for deeper water. Sif participates in studies to also make floating solutions technically and economically feasible.

The success of offshore wind stands with close cooperation between the (design and construction departments of) suppliers of the individual components. Sif therefore joined the getting to zero coalition in 2020 to jointly give a push to accelerating maritime shipping's decarbonization with the development and deployment of commercially viable deep sea zero emission vessels by 2030 (www.globalmaritimeforum.org).

Sif considers the development of sustainable business management of prime importance for the continuity of the business, the well being of its employees and of other stakeholders. Sif follows a strategy on sustainability with measurable targets for the period 2022-2025 and for the longer term. Transparancy is vital to tracking progress towards a sustainable future. Sif demonstrates commitment to transparency by disclosing through this annual report, through communications with stakeholders and by disclosing to and through Carbon Disclosure Project (CDP), MSCI and ISS.

In our business we use the following resources:

Human resources

In 2020, Sif has embarked on a company culture program that prepares the employees for the future. The emphasis is on safety, teamwork, ownership and workplace conditions. TIP (The Improvement Project) was introduced, challenging Sif employees to contribute to this transformation process by converting ideas to practical solutions. Ideas are valued on impact for the organization, practicability and originality and, eventually, rewarded by a cash bonus.

Health and safety is a number one priority for Sif. It is our responsibility to offer our employees a safe workplace, provide them with opportunities for training and contribute towards their personal development.

- in 2021, the onboarding program was expanded to facilitate broader HSE-training opportunities. Following onboarding, every new employee (permanent as well as temporary) receives a login for the Sif-academy. He/she is obliged to follow safety-instructions through the Sif-academy;
- once started at Sif, permanent employees maintain their 24/7-access-login for various e-learnings. These e-learnings include information on COVID-19 and on working from home but also include training of skills, leadership and communications;
- our manufacturing staff follows safety and first-aid training and job-related training such as hoisting and lifting, forklift truck, electrical etc. and
- to improve and maintain the well being of our staff, an absenteeism process with coaching is in place. Related to COVID-19 and the impact on mental health of measures to prevent infection, additional measures were introduced to safeguard well being.

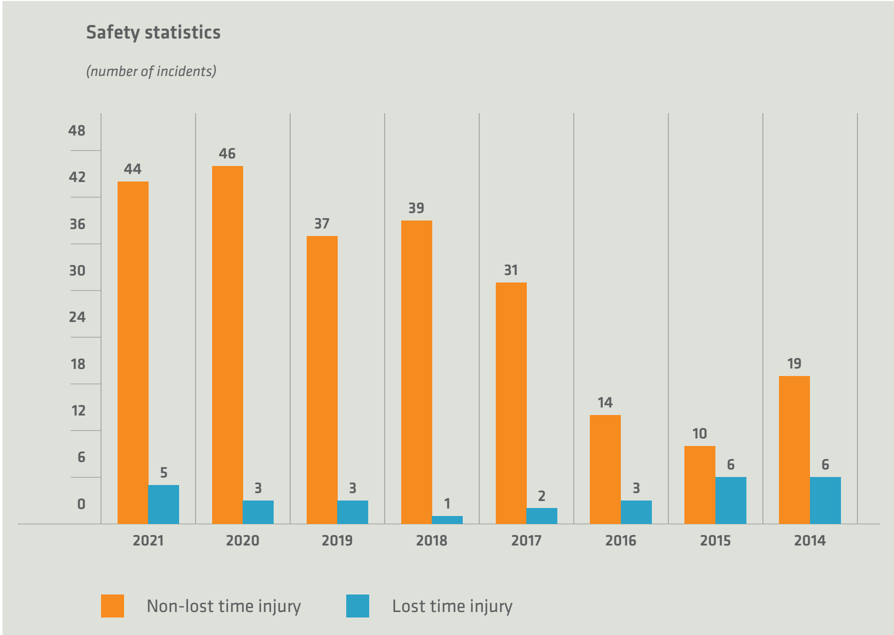
We have been recording LTIF for many years. This was 4.98 per million hours worked in 2021 (2.48 in 2020). Next to LTIF we record the total recordable injury frequency ("**TRIF**"). TRIF also includes restricted work injuries and medical treatment injuries that have not resulted in lost time. TRIF provides better insight into the total number of incidents and therefore offers better tools for action in the workplace. TRIF was 19.94 per million hours worked in 2021 (9.93 in 2020) and relates to in total 20 incidents of which five resulted in lost time, two in restricted work and 13 required medical treatment. Most incidents that resulted in injuries relate to hands and fingers and were incurred during vertical transportation and hoisting. In all cases, the injuries were of such nature that 100% recovery and return to the working place was possible. Rootcause analysis and corrective actions have been implemented to avoid repeat effects and thorough communication has been put in place to inform and train employees. Both performance indicators LTIF and TRIF ended well below the target and extra efforts are required to reach the 2023 targets for safe operations. The emphasis in these efforts lies in cultural aspects that should result in better safety awareness, especially where we are manufacturing to the limits of our production facilities. Ergonomics and further automation in the production halls should help to reduce the number of incidents from 2023. This result underpins the need for evaluation hereof. Rebalancing the mix of our permanent and flexible staff is part of the improvement plan.

In 2021 absence for illness decreased to 5.10% (5.50% in 2020), which is just above our 2021 target. A contributor to the absence rate were people reporting ill due to COVID-19. This resulted in a marginal increase in short absenteeism. The majority of the absenteeism however still relates to absenteeism between six weeks and one year. Considerable attention is being paid to improving working conditions, including alternative positions, in order to avoid wear and tear impact on employees. Together with the Works Council a structural improvement plan with clear actions has been developed which should result in increased labour vitality, lowered risk of sick leave and a better and safer working place.

The 'Corona Crisis Response Team' (management team, HSE manager, communications manager, Chairman of the Works Council) stayed on duty in 2021. Measures as advised by the government were implemented and, together with testing facilities on the job, allowed operations at Sif to largely continue. People got used to the new working methods and production more or less normalized throughout 2021.

SAFETY STATISTICS

	2021	2020	2019	2018	2017	2016	2015	2014
LTI	5	3	3	1	2	3	6	6
TRI	20	15	22	16	21	14	10	19
LTIF (per mln hours worked)	4.98	2.48	2.75	1.12	1.71	2.83	7.19	8.03
TRIF (per mln hours worked)	19.94	9.93	19.1	15.59	15.65	9.4	12	17.4
Sickness leave %	5.10	5.50	6.59	7.24	4.46	4.00	4.02	4.77



Analysis shows that for the years 2017 to 2019 a different approach was taken to the number of hours worked. At that time the registered number was increased by 15% to compensate for subcontractors that did not register their hours but had a presence at Sif's locations. We have corrected the results for these years in the table above. A correction was also applied to the 2019 and 2020 numbers for a timingwise wrongly registered incident. This also has been corrected in the table above.

An annual amount of €500,000 is budgeted for training and peronal development plans ('PDP's'). Where required, our manufacturing staff are SCC (Safety Health and Environment Checklist Contractors) or VCA** certificated. Our safety management systems are in accordance with OHSAS 18001 (Occupational Health and Safety Assessment Series) and safety is the first item on the agendas of all Supervisory Board and Executive Board meetings.

'Annually, more than €1,300 per employee is budgeted for job-related training and personal development'

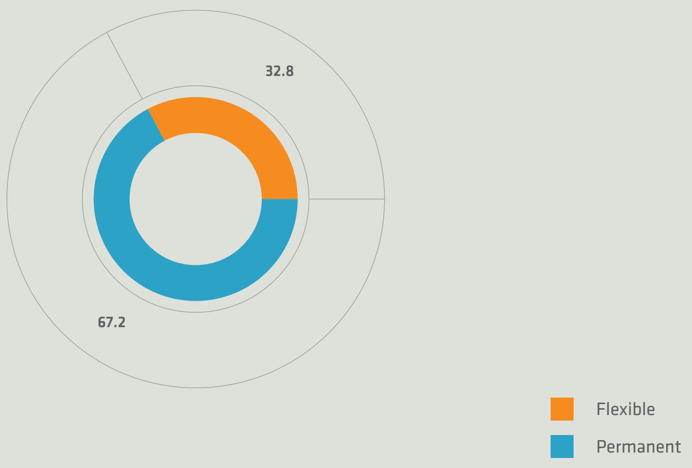
To be able to absorb the volatility inherent to the project business in which we are active, Sif needs a degree of flexibility in its workforce and activities. In addition to its permanent (payroll) workforce, Sif employs external (flexible) workers on a project basis or through staffing agencies and subcontracts certain activities such as outfitting of transition pieces, preservation for corrosion, transportation and testing. Anticipating the expected supply-demand imbalance from 2022 in combination with shortage of skilled technical labour, Sif has started to rebalance the workforce in favor of more permanent jobs. This has resulted in a shift from flexible to permanent. In 2021, based on year- end, our flexible staff was 32.8% compared to 55.2% at year-end 2020. At the end of 2021, the total workforce was 548 FTEs (full time equivalents) compared to 569 FTE at the end of 2020. Of our flexible workforce, 99% are male factory workers (blue collar). Of our permanent workforce, 91% is male.

'The volatile nature of Sif's business until 2020 required a relatively high percentage of flexible workforce; the coming years the orderflow tends to stabilize allowing for a larger share of permanent workforce.'

Sif does not employ anyone under the age of 18 and ensures its suppliers and subcontractors do not employ anyone under the age of 18. Since activities at Sif are all executed in the Netherlands and since purchased materials and services are manufactured or rendered in European countries, the risks of child-labour are limited. To support their health and well being, all employees have access to a physiotherapist and are offered an annual medical checkup.

Staff distribution: flexible - permanent

(IN %)



All Sif's employees are remunerated on the basis of one of the largest collective labour agreements in the Dutch metal industry (CAO metaal en techniek). Collective labour agreements are agreed between the employers association for the metal industry, the Dutch government and employee trade unions. All Sif employees are free to associate with trade unions and to participate in the collective bargaining on the closure of collective labour agreements for the industry. Employment conditions are in line with or exceed the average employment conditions applicable in the Netherlands and do foresee in special leave situations. Tax and other deductions and remittances take place in conformance with European standards, regulations and legislation. Sif ensures its suppliers and subcontractors pay their workers a fair salary based on fair working hour regulations and assure fair employment conditions according to the applicable legislation.

Employee participation

Sif's employees are represented by the Works Council that is consulted on intended business economic, strategic or organizational decisions by the Executive Board. Furthermore the Works Council, together with the Executive Board, ensures that working conditions remain good or improve where required, that the rules related to employment conditions, working hours and rest periods are complied with, that employees are treated equally and remunerated fair and in accordance with applicable laws and collective labour agreements and that Sif keeps an open eye and constantly investigates the possibility to employ people with disabilities or residents of the Netherlands who have an immigrant background. Consultation meetings between the Works Council and the Executive Board during which the Sif's general business progress is discussed take place on average every two months formally and on a need to discuss basis as often as deemed necessary by one of the parties. The Executive Board notifies the Works Council of the important decisions the Executive Board is preparing and how it will involve the Works Council in the decisionmaking. In 2021 the Works Council was amongst others consulted on the working from home policy of the company, on the appointment of a financial advisor in relation to expansion plans, on the appointment of a prevention officer, the use of mobiles for private purpose, the nomination of an Executive Board member and CFO and the intended acquisition of KCI the engineers.

Following elections in May 2021, The Works Council has nine members. Six members are employed at the Roermond location, three in Rotterdam. Five members of the Works Council were re-elected.

In 2021 the Works Council had 5 consultation meetings with the Executive Board. During three of these meetings the Executive Board presented and explained the strategy and the operations plan. Furthermore, the Health Safety and Environmental policies of Sif, the job evaluation system and the sick leave policy were presented and discussed. The CFO explained the annual 2020 results and the interim 2021 results in June and September 2021 respectively. The Supervisory Board member representing the Works Council, Caroline van den Bosch, attended one regular Works Council consultation meeting in 2021 in person. She furthermore participated in one extra meeting on expansion plans and in two TEAMS discussions with the chair of the Works Council and the CEO.

The Executive Board stimulates frequent and open cooperation with and involvement of the Works Council. The discussions with the Works Council are and were fruitfull and highly appreciated by the Boards.

Diversity

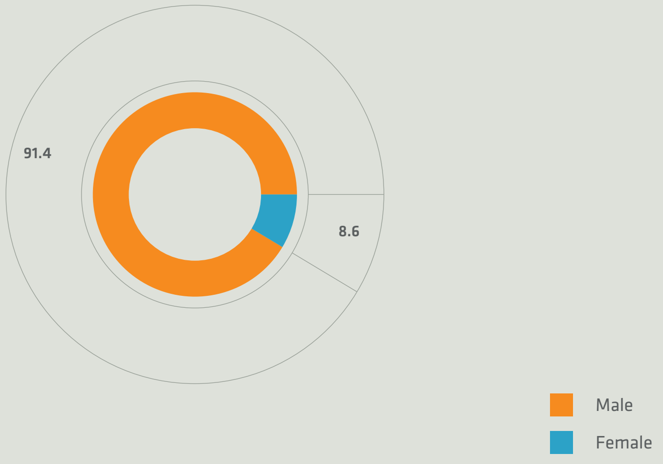
Diversity is reflected in the distribution over gender, age, nationality/race and education/experience.

The Supervisory Board Profile as published on the Sif's website on the Corporate Governance page defines the required expertise, experience and competences of the Supervisory Board members. The Supervisory Board profile matches the profiles of the individual Supervisory Board members. In 2022 a diversity policy will be presented to the Supervisory Board for approval. This diversity policy includes provisions for the Executive Board and permanent staff and is based on a best candidate for the job basis. In case of equal capabilities, preference is given to female candidates. In the year under review, Sif had two Executive Board members and five Supervisory Board members. One Supervisory Board member (20%) is female. The management team of Sif has five members, Executive Board members included. Of the five members, one was female in 2021 (20%).

A more balanced gender representation will be pursued when filling positions, both in the Executive and Supervisory Boards as in staff positions. The nature of the industry Sif is operating in combined with the geographical location of Sif and the presence of high tech and industrial companies in the region make the competition for female members for the Executive Board, the Supervisory Board and the management team, but also for (technical) other staff positions, fierce.

Gender distribution of permanent staff

(IN %)



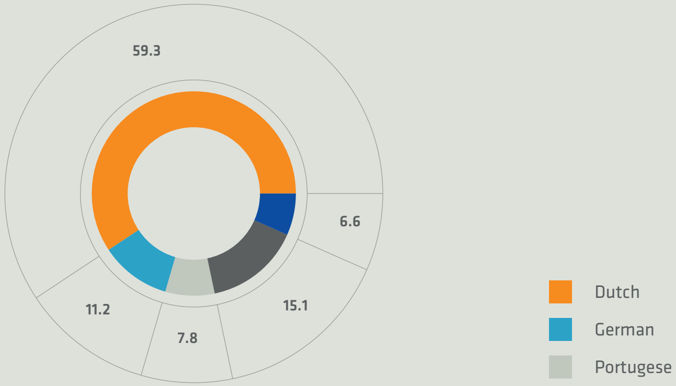
The majority of Sif's workforce, on the workfloor but also in project management and support staff, needs technical skills and education. About 10% of the women in college opt for a technical secondary education. The proportion of women in MBO (secondary education) is higher with approximately 20%. In higher professional education it was also close to 20% and in university education between 35% and 40% of the total number of students. The education council found that gender segregation in technology is declining but that it is still reflected in the working environment.

In addition to gender, Sif pursues more balance in distribution to countries of origin as well as a broader spread and better balance in terms of age.

Sif does not discriminate between men and women, native or immigrant, Dutch and foreign or otherwise in remuneration levels and applies the principle of equal opportunity and equal payment for equal work.

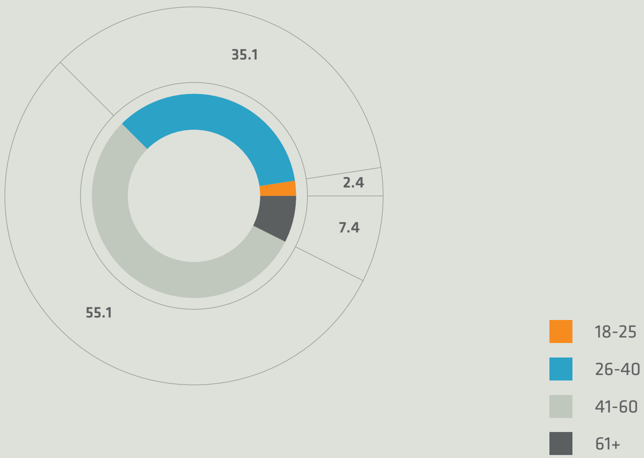
Staff distribution: nationalities

(IN %)



age distribution of permanent staff

(IN %)



‘Wind is our main energy solution, green steel our ambition for the main raw material used for plates and flanges’

Natural resources

Improvement of our environment is our market. Our products are geared towards the energy transition to limit climate change effects. Limitation of effects of our operations on our environment is high on our agenda and implies that we aim

> to reduce the number of natural resources (gas, water and oil) per ton production output used during the manufacturing and logistical process, primarily by replacing fossil resources with sustainably generated electricity;
> to reduce the amount of waste. The products Sif uses the most during the manufacturing process are shown below;
> to reduce the amount of incidents with environmental impact or to limit or take away the impact of these to zero damage;
> to fully compensate for the energy we consumed during the production process by either replacing it by renewable energy (pre heating by induction instead gas) or by compensating it by renewable energy.

MATERIALS USED DURING PRODUCTION

	2021	2020	2019	2018	2017	2016
Steel (Kton)	171	164	185	138	232	191
Welding powder (ton)	1,600	1,639	1,870	1,517	2,540	2,103
Welding wire (ton)	1,462	1,435	1,656	1,456	2,302	1,944

SIF ENVIRONMENTAL FOOTPRINT BASED ON 2016 = 100

PER KILOTON	2021	2020	2019	2018	2017
Steel plates (Kton)	171	164	185	138	232
Welding powder (ton)	9.36	9.99	10.11	10.99	10.95
Welding wire (ton)	8.55	8.75	8.95	10.55	9.90
Natural Gas m^3	2,826	2,239	2,861	4,465	3,328
Propane m^3	3,109	2,684	2,791	2,341	1,561
Electricity (Mwh)	101.3	103.4	104.8	109.5	89.7
Water m^3	59.3	40.8	42.2	56.7	16.0
Scrap metal (ton)	22.87	33.00	31.47	38.13	35.72
Oxygen m^3	10.5	8.7	9.7	10.0	9.6

Water consumption per kton produced increased by 45% in 2021 from 40.8 cubic meter per kiloton in 2020 to 59.3 cubic meter per kiloton. Water consumption at the Roermond factory decreased. The drastical increase of water consumption at Maasvlakte 2 relates to a client-request to clean all monopiles before load-out.

In 2021 ten environmental incidents (four incidents in 2020) were reported. Most incidents related to oil spills from heavy load transport vehicles (‘SPMT’s’) and were isolated and salvaged. They mostly relate to leaking hydraulic systems (hoses or links) caused by tyre punctures. To prevent this, mitigating actions are being implemented.

In 2021 Sif used 68,974,932 Megajoule energy (55,958,452 Megajoule in 2020) in its production process. The change relates to the colder wintermonths at the start of 2021 requiring more gas for pre-heating and for extended coating activities.

SIF CO2 FOOTPRINT

	2021	2020	2019	2018	2017	2016
Production Kton	171	164	185	138	232	191
Gross CO2 emission	3,669	3,157	4,392	5,865	16,643	9,849
Net CO2 emission	0	-	3,990	2,536	16,643	9,849
Gross kg per Kton	21.5	19.3	23.7	42.4	71.7	51.6

Gross CO2 emission for 3,551 ton (97%) relates to fuel consumtion for heating, machinery and transport (scope 1). This was 3,313 ton or 96% in 2020. The remaining 118 ton or 3% relates to business travel (scope 3). This was 138 ton or 4% in 2020.

The gross CO2 emission is compensated to zero by the wind energy as generated in 2021 by the Wind Turbine Generator on Sif's premises, owned by Sif. Sif cancelled the related Guarantees of Origin.

Environmental management systems are in accordance with ISO 14001. The facilities in Roermond comply with EU Directive 2010/75/EU (on industrial emissions).

Financial performance

To assess and monitor Sif's underlying financial performance, the Company's management team uses certain non-IFRS financial indicators, such as contribution and EBITDA (reference is made to the Glossary in this annual report for definitions). Reporting is based on IFRS. To allow for comparison with previous reportings and with banking covenant ratios, Sif will also use certain indicators that are corrected for IFRS 16 effects. This mainly relates to the landlease at Maasvlakte 2.

ACTIVITY LEVELS AND PROFITABILITY

AMOUNTS IN EUR '000	2021				2020			
	Wind	Marshalling	Other	Total	Wind	Marshalling	Other	Total
- Revenue from contracts with customers	411,055	3,344	4,097	418,496	316,671	3,122	10,337	330,130
- Operational lease income	-	2,455	1,590	4,045	-	3,627	1,676	5,303
Total revenue	411,055	5,799	5,687	422,541	316,671	6,749	12,013	335,433
Segment contribution	106,752	2,108	5,370	114,230	92,503	1,780	7,309	101,592
Gross profit	66,998	2,051	1,730	70,779	57,413	1,780	3,919	63,112
Indirect personnel expenses				(20,208)				(20,888)
Depreciation and impairment				(21,712)				(20,348)
Facilities, housing & maintenance				(4,127)				(5,125)
Selling expenses				(632)				(1,018)
General expenses				(8,096)				(4,325)
Net finance costs				(2,336)				(2,398)
Other income				1,345				0
Joint ventures				82				(61)
Total profit before tax				**15,095**				**8,949**

Revenue, expenses and earnings

Currency effects do not affect Sif's financial results. Revenues and expenses are invoiced and paid in euro, also for projects in non euro countries. The price of steel is a pass through item. Fluctuations in steel prices therefore have an immediate effect on revenues, but not on earnings. The level of revenues is also subject to the structure of joint ventures; if Sif subcontracts part of its scope, revenues of the subcontractor are accounted for in Sif's revenues. If Sif teams up in partnership, revenues of the joint venture partner are not accounted for by Sif unless accounting rules dictate otherwise.

Because of the above constraints, total contribution and contribution per kiloton are more adequate performance indicators for Sif than revenue. All Sif's activities take place in the Netherlands and products are as a rule delivered 'free along ship' or 'free on board' Rotterdam. Less occasionally products are 'delivered at place'. This mostly applies to primary steel for transition pieces or pin piles for jackets. When applicable, activities are invoiced inclusive of VAT. However, in view of the predominantly across the border business-to-business nature of the performances, in many cases this is not applicable.

In 2021, contribution (revenue minus the cost of raw materials, subcontracted work, other external charges and logistic and other project related expenses) of €114.230 million was 12% higher then in 2020. Of total contribution, €2.108 million was generated by marshalling activities (€1.780 million in 2020) and €3.238 million was generated by engineering activites (nil in 2020). Contribution per Kton throughput, corrected for marshalling and engineering activities, increased to €637/ton (2020: €609/ton), positively impacted by a higher margin on subcontracted work.

'At 4.3% higher kiloton production and 12.4% higher contribution, contribution per ton increased by more than 4% to € 637 per ton in 2021.'

After direct personnel expenses, overhead and production & general manufacturing expenses this resulted in gross profit of €70.8 million (16.8% of total revenues) compared to €63.1 million (18.8% of total revenues) in 2020. Included in production and general manufacturing expenses are, amongst others, maintenance of machinery, gas consumption, energy consumption, support materials and inventory of critical spareparts. The 18.9% higher direct personnel relate to the 4.3% higher production output and the acquisition of KCI the engineers. Production and general manufacturing expenses more or less levelled at the previous year's amount. Sif did not apply for subsidies or other COVID-19 pandemic related government- or lender support and will repay the €0.3 million support that was applied for and received by KCI the engineers B.V. after the acquisition. EBITDA in 2021 arrived at €39.1 million compared to €31.8 million in 2020. EBITDA 2021 is impacted by a gain on bargain purchase of €1.3 million relating to the acquisition of KCI the engineers B.V. In 2021, Sif incurred expenses that directly relate to the adjustment and expansion project for production facilities and business acquisitions. If reported EBITDA of €39.1 is adjusted for these results, it amounts to €39.4 million. The IFRS 16 impact on EBITDA is + €5.7 million (€6.6 million in 2020).

RESULTS FROM OPERATIONS

X € 1,000	2021	2020
Revenues	422,541	335,433
Raw materials	-160,311	-130,437
Subcontracted	-126,090	-82,510
Logistics and other project related	-21,910	-20,894
Contribution	114,230	101,592
Direct personnel	-32,213	-27,091
Production, general manufacturing	-11,238	-11,389
Gross profit	70,779	63,112
Indirect personnel	-20,208	-20,888
Facilities, housing	-4,127	-5,125
SG&A	-8,728	-5,343
Other income	1,345	0
EBITDA	39,061	31,756
Depreciation & amortization	-21,712	-20,348
Operating result (EBIT)	17,349	11,408
Net financing expenses	-2,336	-2,398
Share in profit of joint ventures	82	-61
Income tax	-3,208	-1,376
Profit after tax	11,887	7,573
Non-controlling interests	297	302
Profit after tax attributable to the Equity Holders of Sif Holding N.V.	11,590	7,271

Profit and tax

Sif has two manufacturing facilities, both located in the Netherlands. From a quantity and value perspective, the most important semi finished products are steel plates that for almost 100% are purchased in Germany and flanges that for almost 100% are purchased in Spain. The value of shaping the steel plates into cans or cones is mainly added in the Netherlands. Sometimes handling takes place by subcontractors in Belgium when appendages or coatings are added. The value added tax follows the products. Revenues of €270.7 million were realized in the Netherlands, €4.7 million in other EU countries and €147.1 million in the rest of the world (€82 million, €108 million and €145 million respectively in 2020).

Work in the Netherlands is done by employees who are either on the Sif payroll, and for whom wage tax and social premiums are withheld and paid, or by employees who work for Sif on a temporary basis and are taxable at the agency they are seconded by. Sif profits are subject to corporate income tax. In 2021, this amounted to €3.2 million (€1.4 million in 2020). Sif allocates profit in the jurisdiction in which the economic activity takes place, namely the Netherlands, and is therefore fully liable for corporate income tax in the Netherlands. The Netherlands has no regional corporate taxes. The normal tax rate is 25%. Sif receives discounts on this tax rate, including discounts related to innovation activities and expenses. These so called Innovatiebox-discounts relate to €0,5 million in 2021. Sif's effective tax burden in 2021 was 21.3% compared to 15.4% in 2020. Sif does not use tax-haven constructions.

Depreciation and amortization

In 2021, Sif invested € 12.8 million in tangible and intangible fixed assets (€5 million in 2020). This mainly relates to investments in production facilities that sometimes are related to specific projects. Sif has leased approximately 62 hectares of land in Rotterdam. As of 2019 IFRS 16 obliges Sif to capitalize the right of use for landlease and to amortize this over a period in line with the contract term. The positive effect of IFRS 16 in comparison to Dutch GAAP is approximately € 5.7 million on EBITDA in 2021. The effect on net debt amounts to approximately € 105,7 million (which includes a remeasurement of € 53,7 million in 2021). Due to IFRS 16 depreciation increased by approximately € 5.5 million per annum.

Working capital, liquidity, cash and cash flows

Net working capital (inventories+contract assets+trade receivables+current prepayments−trade payables−contract liabilities) amounted to -€ 65.8 million at the end of 2021 compared to -€2.9 million at the end of 2020. Cash from operations depends on invoicing milestones agreed with customers, subcontractors and suppliers and does not affect revenue or earnings recognition. The balance of cash and cash equivalents at the end of 2021 amounted to € 73.2 million compared to € 2.6 million at the end of 2020. Despite the fact that Sif did not use financial instruments in the year 2021, Sif may use financial instruments to reduce risks related to currency or interest rate volatility if required. Sif applies a non speculative approach in this respect.

CASH FLOW SUMMARY

X € 1,000	2021	2020	2019	2018	2017	2016
Net cash from operating activities	91,230	34,336	30,853	5,548	53,886	52,887
Net cash from investing activities	-11,493	-4,927	-14,485	-3,218	-27,587	-67,962
Net cash from financing activities	-9,181	-28,343	-15,294	-2,701	-25,726	-13,354
Cash and cash equivalents at year end	73,201	2,645	1.579	505	877	304

Net debt, Solvency

Net debt at the end of 2021 was -€ 73.2 million on an ex-IFRS 16 basis and € 32.5 million under IFRS 16 reporting. The difference is largely determined by the lease of land at Maasvlakte 2 Rotterdam, lease commitments which are amortised on the balance sheet. At the end of 2021 total equity (paid-in capital + retained earnings + non-controlling interests) amounted to €104.1 million on a ex-IFRS 16 balance sheet total of €217.6 million (solvency of 47.8%) compared to €94.9 million on a balance sheet total of €175 million (solvency of 50%) at the end of 2020. When determined on IFRS 16 basis total equity amounted to € 103.1 million which gives a solvency of 32.1% on a balance sheet total of €321.2 million.

Financial Outlook

The order book at the date of signature of this annual report with 430 Kton signed orders and exclusive positions extends well into 2024 with utilization at 85% of offshore wind capacity based on 24/5 working weeks. Also, beyond 2024 market conditions look favorable. The drive for larger capacity per unit will eventually lead to investments in the period 2022-2024 to facilitate the foundation increases that these larger capacities require. The implications this may have on Sif and Sif's production facilities are being investigated and due for final investment decision by mid 2022, leaving geo political developments and escalations of the war in Ukraine aside.

Annual maintenance capex will be €10-15 million and annual depreciation close to €21 million.

Key figures 2014 – 2021

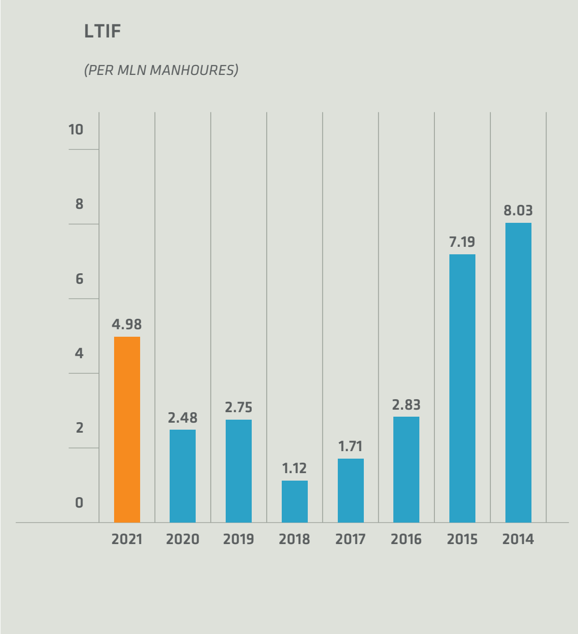
X € 1,000	2021	2020	2019	2018	2017	2016	2015	2014	Definition of non-IFRS measures
Revenue	422,541	335,433	325,600	235,140	327,180	400,318	321,343	262,523	Total revenue from contracts with customers and operating lease income
Contribution	114,230	101,592	101,517	74,336	135,634	129,480	100,536	83,594	Total revenue minus cost of raw materials, subcontracted work, other external charges, logistic and other project related expenses
EBITDA	39,061	31,756	26,371	12,550	54,592	58,616	55,252	45,741	Earnings before net finance costs, tax, depreciation and amortization and share of profit of joint ventures
EBITDA (ex IFRS 16)	33,474	25,189	22,038	12,550	54,592	58,616	55,252	45,741	EBITDA excluding IFRS 16 impact
EBIT	17,349	11,408	9,164	-1,132	41,439	49,932	48,266	38,350	Earnings before net finance costs and tax
Net earnings	11,590	7,271	5,488	-2,051	30,760	37,365	35,628	27,995	Profit attributable to the shareholders
Net cash from operating activities	91,230	34,336	30,853	5,548	53,886	52,887	25,421	33,570	
Net cash from investing activities	-11,493	-4,927	-14,485	-3,218	-27,587	-67,962	-16,421	-39,523	
Net increase/(decrease) in cash and cash equivalents	70,556	1,066	1,074	-372	573	-28,429	3,740	-10,954	
Depreciation and amortization	-21,712	-20,348	17,207	13,682	13,153	8,684	6,986	7,391	
Net debt	32,482	52,119	80,291	30,377	25,107	41,969	26,894	11,434	Loans and borrowings including lease liabilities minus cash and cash equivalents
Net debt (ex IFRS 16)	-73,201	-2,645	21,293	30,377	25,107	41,969	26,894	11,434	Net debt excluding lease liabilties
Net working capital	-65,800	-2,900	4,300	14,200	7,100	8,300	19,300	-5,000	Inventories, contract assets and contract liabilities, trade and other receivables, prepayments and trade and other payables

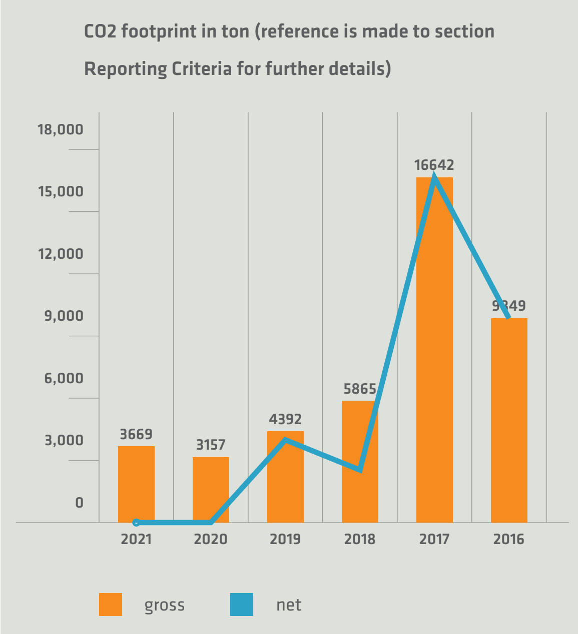
Contribution is an important KPI since it excludes pass-through expenses. Together with production in Kton and EBIT it indicates the quality of Sif's performance in any reporting period.

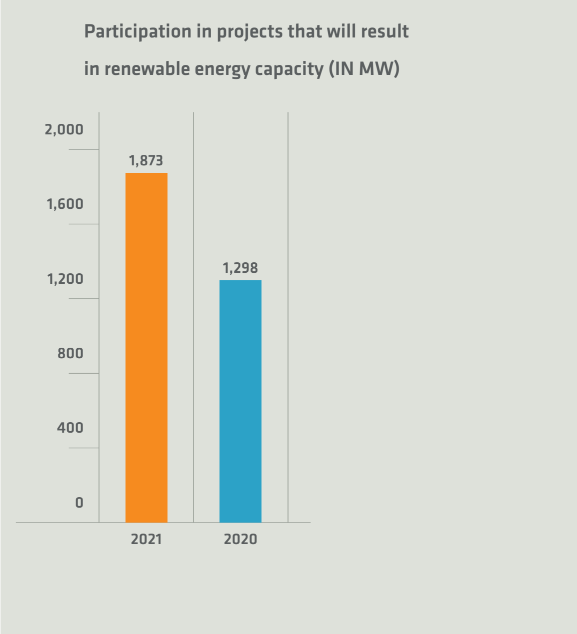
Key figures 2014 – 2021

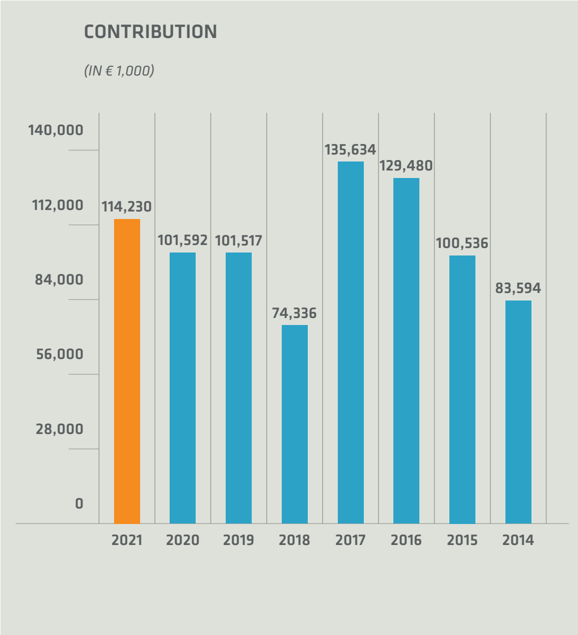
	2021	2020	2019	2018	2017	2016	2015	2014	Definition of non-IFRS measures
IN KTON									
Production	171	164	185	138	232	191	150	133	
PER SHARE X €									
Earnings	0.45	0.29	0.22	-0.08	1.21	1.47	1.40	1.10	Profit attributable to the shareholders divided by the average number of shares outstanding during the year under review
Dividend	0.19	0.12	0	0.10	0.30	0.37	0.94	1.28	2021 subject to AGM approval
Number of shares issued (x1,000)	25,501	25,501	25,501	25,501	25,501	25,501	25,501	25,501	
RATIOS %									
ROACE	43.2	18.9	8.3	-0.9	35.7	57.0	75.2	64.9	Earnings before net finance costs and tax as a % of average equity plus loans and borrowings excluding lease-commitments minus cash
Solvency	32.1	39.0	35.6	43.6	45.6	34.8	16.2	43.6	Total equity/balance sheet total
Solvency (ex IFRS 16)	47.7	50.0	47.2	43.6	45.6	34.8	16.2	43.6	Total equity/balance sheet total excluding right of use assets and related tax impact
COVENANT RATIOS									
Total debt/EBITDA (ex IFRS16)	0.00	0.00	1.04	n/a	n/a	n/a	n/a	n/a	Loans and borrowings excluding lease commitments devided by EBITDA (ex IFRS16)
Solvency (ex IFRS 16)	47.7	50.0	47.2	n/a	n/a	n/a	n/a	n/a	
NON-FINANCIAL KPI'S									
LTIF per mln manhours	4.98	2.48	2.75	1.12	1.71	2.83	7.19	8.03	
Sickness leave %	5.10	5.50	6.59	7.24	4.46	4.00	4.02	4.77	
Gross CO2 footprint in tonnes	3,669	3,157	4,392	5,866	16,643	9,849	naf	naf	
Net CO2 footprint in tonnes	0	0	3,990	2,432	16,643	9,849	naf	naf	
Participation in projects that will result in renewable energy capacity	1,873	1,298	naf	naf	naf	naf	naf	naf	

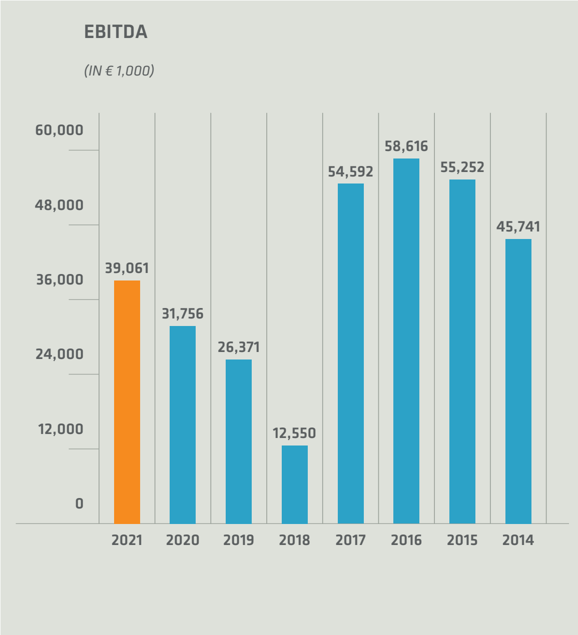
naf = not accounted for, n/a = not applicable
Numbers and graphs for 2021 are IFRS16 based unless explicitely stated otherwise.

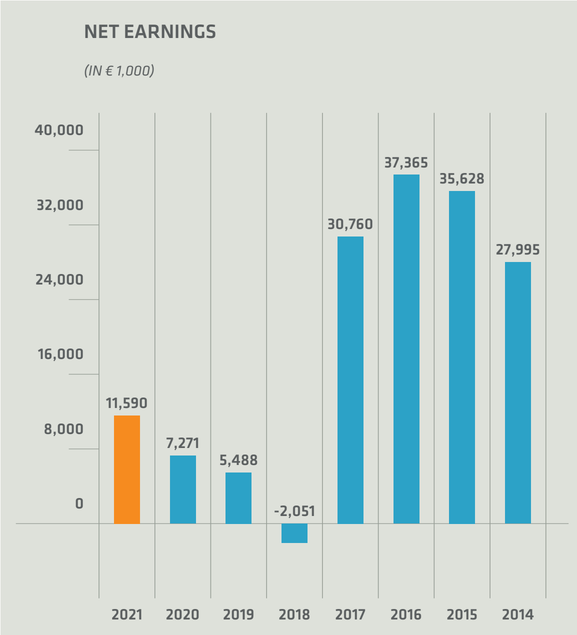

LTIF
(PER MLN MANHOURES)
10
8
6
4
2
0
4.98
2.48
2.75
1.12
1.71
2.83
7.19
8.03
2021
2020
2019
2018
2017
2016
2015
2014


CO2 footprint in ton (reference is made to section Reporting Criteria for further details)
18,000
15,000
12,000
9,000
6,000
3,000
0
3669
3157
4392
5865
16642
9349
2021
2020
2019
2018
2017
2016
gross
net


Participation in projects that will result in renewable energy capacity (IN MW)
2,000
1,600
1,200
800
400
0
1,873
1,298
2021
2020

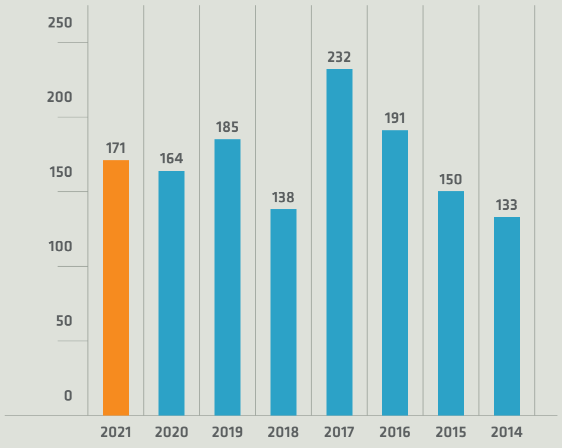

CONTRIBUTION
(IN € 1,000)
140,000
112,000
84,000
56,000
28,000
0
114,230
101,592
101,517
74,336
135,634
129,480
100,536
83,594
2021
2020
2019
2018
2017
2016
2015
2014


EBITDA
(IN € 1,000)
60,000
48,000
36,000
24,000
12,000
0
39,061
31,756
26,371
12,550
54,592
58,616
55,252
45,741
2021
2020
2019
2018
2017
2016
2015
2014

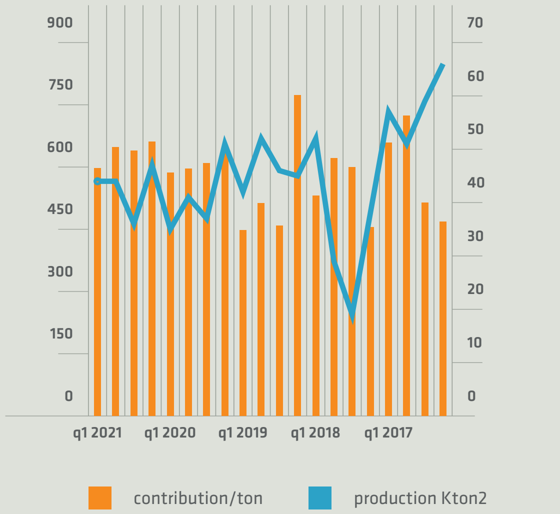

NET EARNINGS
(IN € 1,000)
40,000
32,000
24,000
16,000
8,000
0
11,590
7,271
5,488
-2,051
30,760
37,365
35,628
27,995
2021
2020
2019
2018
2017
2016
2015
2014

PRODUCTION

(IN KTON)

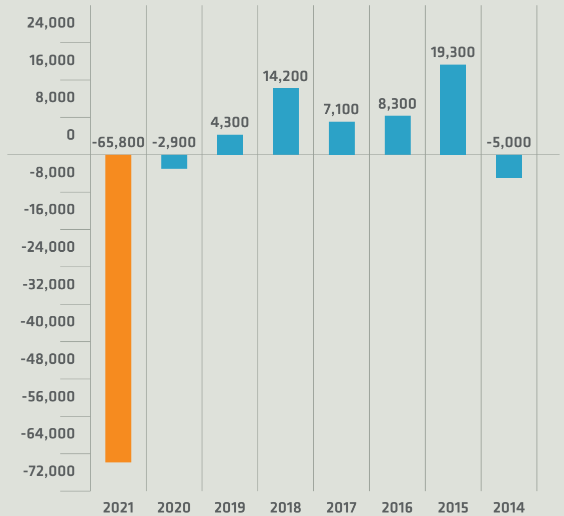


CONTRIBUTION PER TON



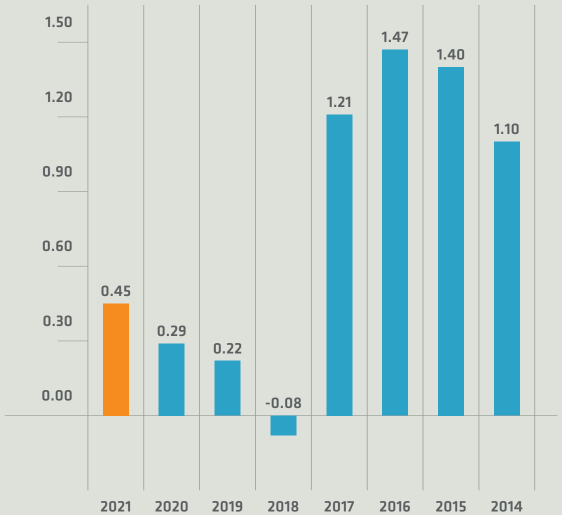
NET WORKING CAPITAL

(IN € 1,000)



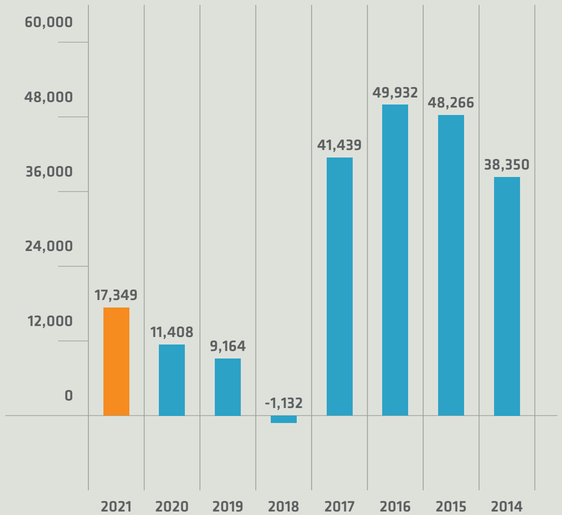
EARNINGS PER SHARE

(IN €)



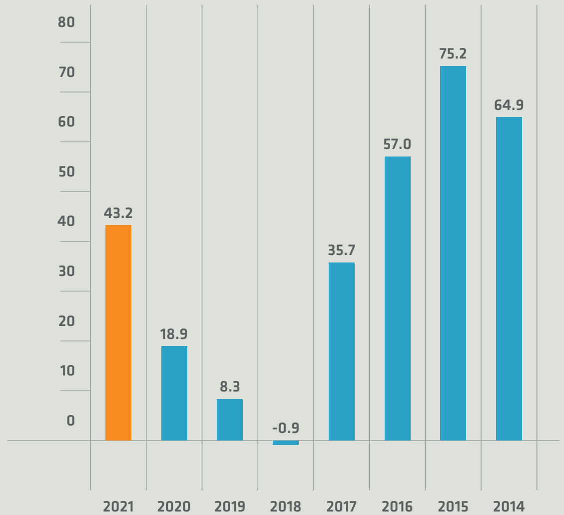
EBIT

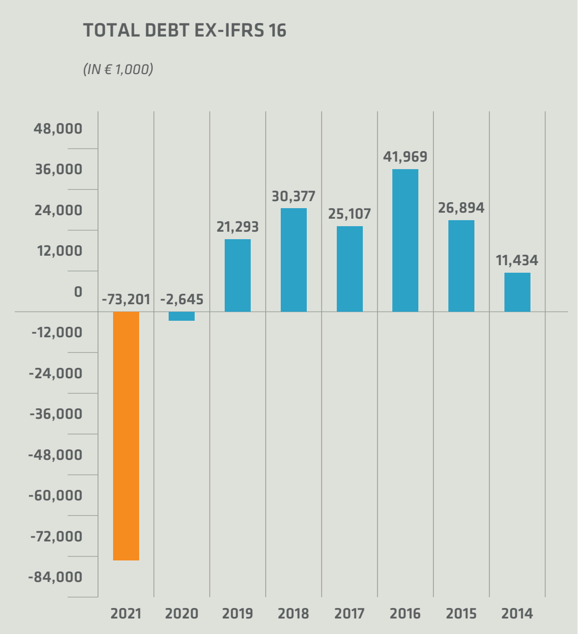
(IN € 1,000)



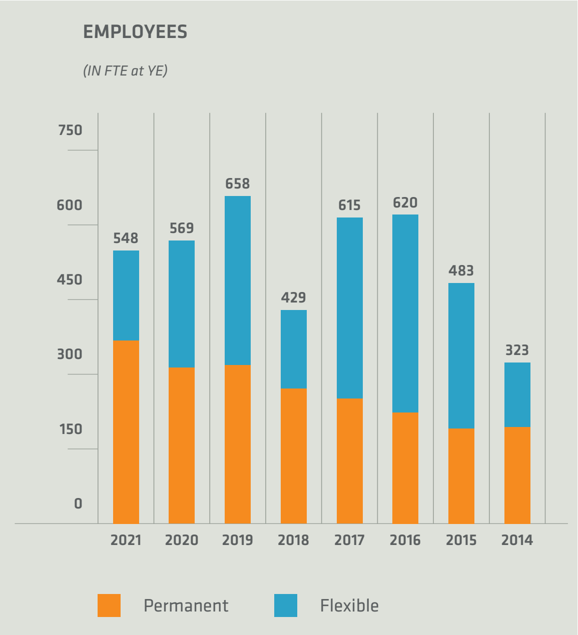
RETURN ON AVERAGE CAPITAL EMPLOYED

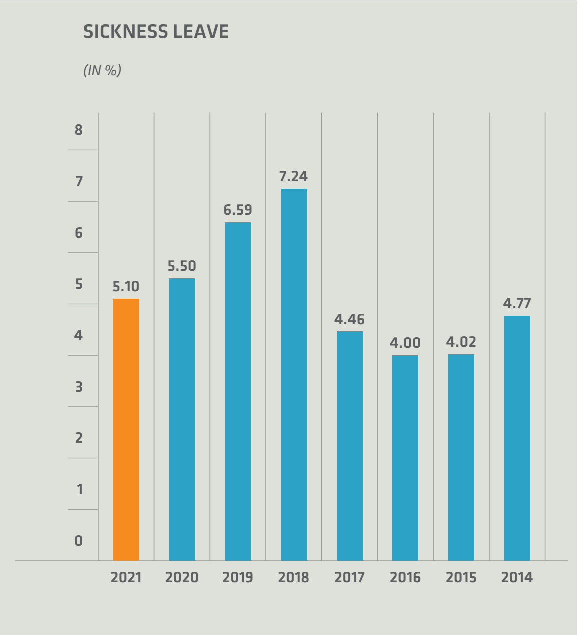
(IN %)




TOTAL DEBT EX-IFRS 16
(IN € 1,000)
48,000
36,000
24,000
12,000
0
-12,000
-24,000
-36,000
-48,000
-60,000
-72,000
-84,000
-73,201
-2,645
21,293
30,377
25,107
41,969
26,894
11,434
2021
2020
2019
2018
2017
2016
2015
2014


TRIF
(PER MLN MANHOURES)
20
18
16
14
12
10
8
6
4
2
0
19.94
9.93
19.10
15.59
15.65
9.43
11.98
17.39
2021
2020
2019
2018
2017
2016
2015
2014


EMPLOYEES
(IN FTE at YE)
750
600
450
300
150
0
548
569
658
429
615
620
483
323
2021
2020
2019
2018
2017
2016
2015
2014
Permanent
Flexible


SICKNESS LEAVE
(IN %)
8
7
6
5
4
3
2
1
0
5.10
5.50
6.59
7.24
4.46
4.00
4.02
4.77
2021
2020
2019
2018
2017
2016
2015
2014

Corporate governance

Group structure and organization

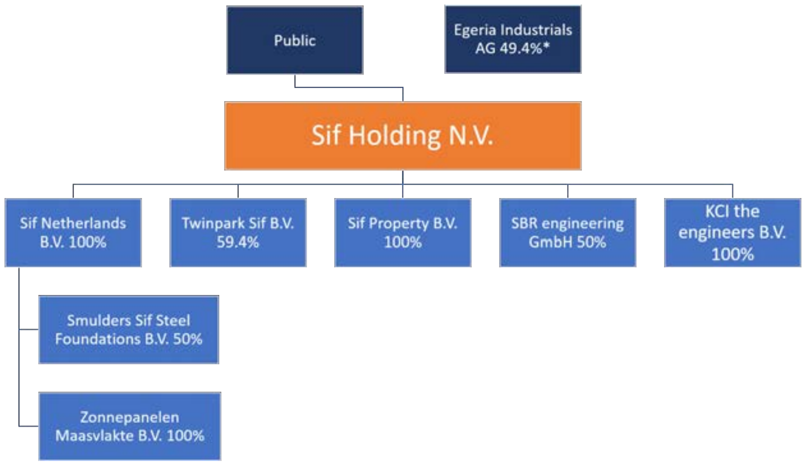
Sif Holding N.V. is a public company whose shares are listed on the Euronext Amsterdam stock exchange. Egeria Group AG (Switzerland) ("**Egeria**") is holding a 49.38% interest in Sif (source: filing with Autoriteit Financiële Markten ("**AFM**") dated 31 October 2019). According to a statement of a public notary, Mr Robert Deen qualifies as the only Ultimate Beneficial Owner ("**UBO**") of Egeria Industrial AG.

Sif is subject to the Full Large Company Regime ('Volledig Structuurregime') as is required by Dutch law and has a two-tier board structure. The Executive Board is responsible for the management of Sif and consists of two Executive Board members, one appointed CEO and one appointed CFO. The Supervisory Board supervises and advises the Executive Board and is composed of five Supervisory Board members. The day-to-day operations are managed by the management team that, in addition to the CEO and CFO, has a CCO, a COO and a HR-director. Most important rights of the Annual General Meeting of Shareholders are the issue of additional shares or the grant of rights thereto, the authorization to acquire fully paid-up shares, the reduction of issued share capital, the approval of material changes to the identity or the character of Sif, the approval of the remuneration policy, the appointment of Supervisory Board members, the remuneration of Supervisory Board members, profit allocation, amendments to Sif's articles of association, adoption of the annual accounts, discharge of Executive and Supervisory Board members and appointment of an auditor.

Sif endorses the principles of the Dutch Corporate Governance Code 2016 ("**Code**") and applies virtually all the best practice provisions of the Code. Non-compliance is explained on page 54 of this annual report and on the Sif website under the Corporate Governance parapraph.

Sif has subsidiaries as reflected in the organization chart in the next column (together referred to as "**Sif Group**"). Sif Netherlands B.V. (the Netherlands) is engaged in the manufacture and trade of pipes, pipe structures and components for offshore wind farms. Twinpark Sif B.V. (the Netherlands) and Sif Property B.V. (the Netherlands) are both financial holdings. Twinpark is a joint venture with Pondera Consult and GE Renewable Energy to test and, in a later stage, exploit a 13 MW wind turbine on Sif's premises at Maasvlakte 2. Sif Property is the owner of Sif's real estate property. KCI the engineers B.V. (the Netherlands) operates a consulting engineering firm in the field of renewable energy and oil & gas. Zonnepanelen Maasvlakte B.V. (the Netherlands) has the purpose to invest in renewable energy, in particular, but not limited to, investing and operating in solar panels. Sif has a 50% interest in SBR Engineering GmbH (Germany) and in Smulders Sif Steel Foundations B.V., a joint venture focussed on project management in the offshore wind industry.

SIF GROUP LEGAL ORGANIZATION STRUCTURE



Board responsibilities

The powers of the Executive Board are set out in Sif's articles of association and arise from legislation and regulations. The Executive Board has adopted internal rules regulating its organization, decision making process and other internal Executive Board related matters. These Executive Board Rules are published on Sif's website on the Corporate Governance page.

The Supervisory Board primarily supervises the implementation of the strategy for long term value creation and advises the Executive Board in the day-to-day management. In performing this task, the Supervisory Board serves the interests of all Sif's stakeholders; owners, clients, employees, suppliers and society. The Supervisory Board rules that define these duties, roles and responsibilities of the Supervisory Board are published on the Corporate Governance page of Sif's website. These rules imply that certain rights have been transferred from the Annual Meeting of Shareholders to the Supervisory Board. These rights relate primarily to the nomination and resignation of the Executive Board and Supervisory Board members.

The Supervisory Board, in accordance with Article 10 of the Supervisory Board rules, can install Supervisory Board committees. The committees all have their own set of rules defining their conduct namely: the Audit Committee rules and Remuneration Committee rules, which are both published on Sif's website on the Corporate Governance page. These committees are tasked with laying the groundwork for the decision making process of the Supervisory Board.

The Remuneration Committee rules define the duties, roles and responsibilities for the Remuneration Committee. They include the Sif's remuneration policy, the remuneration of the individual Executive Board members (remuneration structure, amount of the fixed remuneration, shares and/or other variable remuneration components, pension entitlements, redundancy payments and the performance criteria and their application), scenario analyses regarding different levels of variable remuneration and the remuneration report.

The Audit Committee Rules define the duties, roles and responsibilities of the Audit Committee and include supervising the effectiveness of the internal risk management and control systems and of the financial information to be disclosed by Sif. The Audit Committee also supervises Sif's compliance program, tax planning policy, information and communication technology, cybersecurity and financing. The Audit Committee maintains regular contact with the external auditor and nominates the external auditor for appointment by the General Meeting of Shareholders.

Appointment and resignation of Executive Board and Supervisory Board members

The rules governing the appointment and resignation of members of the Boards are included in Sif's articles of association. To summarize these rules: Supervisory Board members are appointed by the General Meeting of Shareholders with certain rights of (enforced) recommendation for the Supervisory Board, the largest shareholder of Sif and Sif's works council ("**Works Council**"). Both the General Meeting of Shareholders and the Works Council can object to candidates nominated by the Supervisory Board but these objections may be ignored. Executive Board members are appointed by the Supervisory Board following notification of the General Meeting of Shareholders of a proposed appointment. The Supervisory Board may at any time suspend or dismiss any member of the Executive Board provided that the General Meeting of Shareholders has been consulted about a proposed dismissal. Appointments for members of the Boards are generally for a period of four years. The Supervisory Board elects an Executive Board member to be the CEO. The Supervisory Board may dismiss the CEO, provided that the CEO so dismissed shall subsequently continue his term of office as an Executive Board member without having the title of CEO.

Board remuneration policy

As referred to in Section 2:135b of the Dutch Civil Code. The Supervisory Board determines the remuneration of the Executive Board members in accordance with the Remuneration policy, most recently approved by the General Meeting of Shareholders in May 2020 and as published on Sif's website.

The aim of Sif's Remuneration policy is to attract, motivate and retain qualified managers with relevant experience. The remuneration policy provides a framework for a result driven remuneration that is linked to short and longer term strategic financial, non financial and personal objectives. The starting point is remuneration based on the best possible balance between short term results and longer-term value creation. In order to link individual remuneration to Sif's performance, the remuneration package includes a variable part in the form of an annual cash bonus incentive and a long term incentive in the form of performance share units. To ensure market competitiveness of remuneration, Sif offers a remuneration package around the median level of the market with a peergroup defined by a range of companies that are of a similar scale and level of complexity. There should be an alignment between the remuneration package of the Executive Board and the salary conditions of the employees of Sif, partially expressed by the pay ratio level. The main components of the remuneration policy are:

a. A fixed base salary. Reviewed annually based on the (index for the) cost of living;
b. Variable annual cash bonus for short term results. Linked to the results of Sif (one calendar year). Maximum 60% of fixed base salary for CEO with 73% dependent upon achievement of financial targets and 27% dependent on personal targets. Maximum 50% of fixed base salary for CFO with 72% dependent on financial targets and 28% on personal targets. Financial targets may include EBIT or (adjusted) EBITDA, contribution and ROACE. Personal targets differ for each Executive Board member and include safety and sickness leave, CO2 footprint, corporate culture, reporting and communication. On-target bonus of 40% for CEO and 35% for CFO. Personal targets are based on areas of responsibility and set by the Remuneration Committee at the beginning of the year;
c. Pension accrual for a pensionable salary-arrangement based on the fixed base salary;
d. A long-term incentive Plan ("**LTIP**"). Based on discretionary award of performance share units ("**PSU**"), granted annualy to a maximum pay-out of 20% of fixed base salary annually with a three-year vesting period, conditional upon continued employment and shareprice performance. Settlement is in principle in cash with an option to settle in shares and a discretionary authority of the Supervisory Board to moderate the LTIP bonus by 30%. A minimum holding period following vesting of the shares does not apply unless settlement has taken place in shares. In that case an extra two-year blocking period applies in addition to the three-year vesting period;
e. Executive Board members are engaged by means of a services agreement, the term of which is set at four years.

Anti-takeover measures and relationship with major shareholder

The duties and powers of the General Meeting of Shareholders, the Supervisory Board and the Executive Board are balanced in terms of control and influence. Sif has no actual or potential anti-takeover measures or change-of-control clauses in place. Sif and Egeria have entered into a relationship agreement. The main elements of this agreement relate to the composition of the Supervisory Board and the Supervisory Board committees. The relationship agreement also contains terms regarding an orderly market arrangement and information sharing. Egeria, when holding more than 50% of the shares in Sif, is entitled to nominate and propose replacements for two Supervisory Board members. At least one of these two Supervisory Board members must be independent as defined by the Code. When holding between 20 and 50% of the shares in Sif, Egeria is entitled to nominate and propose a replacement for one Supervisory Board member. The Relationship Agreement will terminate once Egeria ceases to hold at least 20% of the shares in Sif. There were no related party transactions in 2021.

Dividends

The dividend policy stipulates that Sif will pay a regular dividend in line with the medium-term to long-term financial performance of Sif, with the aim of gradually increasing the dividend per share. The policy states that Sif will pay out 25% to 40% of annual net earnings as reported in the approved financial statements of the company in any year. The retained earnings will be added to Sif's reserves to finance future investments or other spending of Sif or to improve liquidity or for other purposes. The achievement of this reservation and dividend policy is, however, subject to certain legal limitations and Sif's liquidity position. Dividends may be distributed in cash, in stock or in a combination of cash and stock as an optional dividend.

Non-Compliance with the code

The best practice provisions of the Code with which Sif does not comply are as follows (paragraph numbers refer to the best practice provisions of the Corporate Governance Code):

> 1.3.1-1.3.5 Internal audit function.
Given the size of Sif and the functioning of its corporate bodies, the Boards do not consider it opportune at this stage to appoint an internal auditor or to set up a separate audit department. However, this is remedied by certain financial and operational audit activities carried out by internal and/or external parties on an ad hoc basis. Designated employees with external support carry out other audits (safety, quality, integrity).

> 2.1.5 Diversity.
Latest at occurrence of the next vacancy on the Supervisory Board after completion of the adjustment and expansion plans, Sif will bring its Supervisory Board in line with its diversity policy.

> 2.3.2 Committees.
The Supervisory Board has not installed a Selection & Nomination Committee. The relevant best practice conditions apply to the full Supervisory Board

> 2.3.4 Organization of the Supervisory Board and reports:
Composition of the Committees, Independent Audit Committee. Sif's Audit Committee has two members. One of the members is not independent as defined in article 2.1.8.

> 2.3.10 Company Secretary.
The secretary of the Executive Board monitors compliance with procedures and statutory obligations, provides the supervisory and Executive Boards with the necessary information and supports the Supervisory Board during its meetings.

> 4.2.3 Meetings and presentations.
Sif's policy is outlined in its fair disclosure and bilateral dialogue policy. Sif announces press releases, presentations and press conferences in advance. Analyst conference calls and meetings are scheduled and announced for full- and half-year presentations and are audio webcast live. Transcripts of the calls are published on Sif's website. Meetings with individual investors ('one-on-one') or presentations at investor conferences are not webcast for practical reasons, nor can they be followed through direct phone connections or otherwise.

Integrity

Sif is committed to conducting its business in line with applicable laws and regulations and in accordance with its Code of Conduct. The principle-based Code of Conduct formulates Sif's values. The standards that must be adhered to in order to ensure that these values are promoted are laid down in different policies. These principles of the Code of Conduct relate to:

Fair competition: Sif operates in a relatively young market environment with a limited number of clients and vendors. Articles 7 and 8 of the Code of Conduct deals with competition and anti- trust matters and with bribery and money laundering. Sif trains employees and promotes fair and respectful dealing with customers, suppliers and other business and industry partners. Fair and respectful dealing means that Sif employees refrain from influencing business partners and from obtaining personal opportunities or advantages by offering or accepting items of value. We did not define a KPI related to corruption and bribery given the limited number of clients and contracts in any year and given the limited number of suppliers. Hence, we do not report on the result of such. As we see a growing geographical market, we are in the process of completing a policy on anti corruption and bribery which will be in effect from the second half of this year.

Fair dealing also implies that insider trading regulations are observed. New employees are instructed on this when hired. In 2021, Sif incurred no legal or other expenses that relate to a possible violation of these principles.

Sif has joined the Offshore Wind Foundation Alliance ("**OWFA**"; www.offshorewindfoundations.eu), a European initiative founded in December 2020 aiming agreement by industry partners on a European technical standard for offshore wind foundations.

Workplace safety: Workplace safety is dealt with in articles 4 and 5 of the Code of Conduct. It relates to safety to avoid business accidents but it also relates to discrimination, intimidation or (sexual) harassment on the workfloor.

Sif has no business with organizations that use forced child labour or that do not respect human rights. Sif's production facilities are all in the Netherlands. The Sif business environment is mainly Northwestern Europe with European clients, mainly European suppliers and contractors. When interpreting workplace safety, we assume our corporate responsibility as stated in the 'Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework'. Due to the above, we did not define a KPI related to human rights and hence do not report on the result of such. If in the future we have indications that this is deemed necessary we will reconsider this.

Workplace safety also implies that privacy of employees or business partners is observed. The 'Algemene Verordening Gegevensbescherming' ("**AVG**" or 'general regulation on protection of privacy') applies from May 2018. Sif has performed a privacy impact assessment and appointed a data security officer and is compliant with the AVG.

Company property & sustainable business: articles 6 and 10 to 13 of the Code of Conduct deal with environmental impact, the obligation of record keeping of all financial transactions. Efficient and legitimate use of Sif's property & resources, e-mail and Internet usage for professional purposes only is pursued and use of corporate opportunities for personal benefits are prohibited.

Our whistleblower regulation encourages Sif employees, who may remain anonymous if wished, to report contraventions of the Code of Conduct or other transgressions. Reports are immediately followed-up appropriately and the Executive Board is notified. There have been no reports under the whistle blower regulation in 2021 and no violations of the Code of Conduct were assessed. Programs to further embed the Code of Conduct in the organisation are part of the Sif 2.0 program and were continued in 2021.

Composition of the Executive Board

The members of the Executive Board of Sif Holding NV are:

Fred van Beers (born 1962, male, Dutch nationality, right on the first picture on page 54). CEO. He was appointed to the Executive Board in September 2018 and entered into a services agreement for a period of four years ending at closing of the Annual General Meeting of Shareholders in 2023. Fred van Beers worked as a business unit manager at aluminium manufacturing company Alcoa (1989-1994) and ship propeller manufacturing company LIPS (1995-2002) before joining Wärtsilä (technologies and complete lifecycle solutions for the marine and energy markets). He served at Wärtsilä as Managing Director Netherlands from 2007 to 2010 and as Vice President Services Area North Europe from 2010 to 2015. More recently Fred van Beers was the CEO of Blohm + Voss shipyards in Hamburg (2015-2017) and served in various other management positions on an interim basis (2017-2018). Fred van Beers holds a degree in marine engineering.

Ben Meijer (born 1976, male, Dutch nationality, left on the first picture on page 54). CFO. He was appointed to the Executive Board in May 2021 and entered into a services agreement for a period of four years ending at closing of the Annual General Meeting of Shareholders in 2025. Following four years of financial consultancy at First Dutch Capital (2000-2004), Ben Meijer held several financial positions (financial analyst, business controller and group controller) at Stahl Group (2005-2019). Before joining Sif, he worked two years as concern controller at Broadview (2019-2021), a HAL Investments subsidiary. Ben Meijer holds a master's degree in Business Administration from Tilburg University and an Executive master's degree in Finance and Control (RC) from TIAS school for Business and Society in Tilburg.

Composition of the management team

The day-to-day business is managed by Sif's management team. In addition to the CEO and CFO, the management team members are:

Joost Heemskerk (born 1977, male, Dutch nationality) is Sif's Chief Commercial Officer (CCO) since June 2020. Joost Heemskerk holds a Master's degree in civil/offshore engineering from Delft University of Technology. Over the last 15 years he has held various positions within engineering, project management, commercial and strategy consulting, and general management in the global offshore oil and gas, offshore wind and marine renewables markets. He has worked for companies such as 2-B Energy, Bain & Company and, most recently, SBM Offshore.

Frank Kevenaar (born 1963, male, Dutch nationality) is Sif's Chief Operating Officer (COO) since April 2019. After gaining his bachelor degrees in engineering and business administration, Frank Kevenaar gained experience in the international automotive and maritime industry. He has held various management positions at Wärtsilä, Brabant Components and Stork, and has extensive knowledge and expertise in the field of production and engineering.

Caspar Kramers (born 1968, male, Dutch nationality) will be Sif's Chief Human Resource Officer (CHRO) as of 1 April 2022. After gaining his masters degree in human resource studies from Tilburg University, Caspar gained experience in organizational development, talent management and cultural change at amongst others Sabic, Watts Water Technologies and, most recently, at Signify and DS Smith.

Composition of the Supervisory Board

The Supervisory Board is composed in such a way that the knowledge, experience and insights with regard to both the current issues at Sif and the markets and activities relevant to Sif are well represented.

The composition of the Supervisory Board:

André Goedée (born 1951, male, Dutch nationality, far right on the picture). Chairman. Relevant expertise and experience: offshore contracting (EPCI), project management, human resources and international business. He was first appointed to the Supervisory Board in January 2016 for a four year period, but served on the preceding Supervisory Board from December 2015. Reappointed at the close of the 2019 Annual General Meeting of Shareholders for a four year term until 2023. He is currently also board member of FSC (Flight Simulation Company for pilot and crew training).

Between 2003 and 2013, André Goedée was the CEO of Dockwise Ltd. Dockwise is an offshore energy services provider whose fleet includes heavy lift transportation vessels. Following the acquisition of Dockwise by dredging and energy services company Boskalis, André Goedée was first appointed a member of the Executive Board of Boskalis and lateron an advisor to the Board. Before joining Dockwise André Goedée was CEO European Staffing for Vedior Professional Human Resource Services (1999–2003), Executive vice-president of EPCI offshore energy services contractor Heerema Offshore Services (1989–1999) and Executive vice-president of Neddrill Drilling Contractors (1977–1989). In 1978, André Goedée obtained a Mariner Master’s degree (maritime technical engineering) from the Mercantile Marine College in Scheveningen/Rotterdam. He has also participated in a number of management and marketing programs at various academic institutions, including the New Board Program at Nijenrode University. André Goedée holds no shares in Sif Holding N.V.

Peter Wit (born 1967, male, Dutch nationality, second from the right on the picture). Vice-chairman. Relevant expertise and experience: stock exchange listed environment, financial and management accounting, risk and risk-management, legal, tax and compliance, auditing, IT and operations. He was first appointed to the Supervisory Board in May 2018 for a four year period. Peter Wit will resign as a Supervisory Board member and be available for reappointment at closing of the Annual General Meeting of Shareholders in 2022. Peter Wit is currently CFO at Iqip N.V. (offshore equipment) and before that (2018-2021) was COO of staffing company Atlas Professionals B.V. (staffing for energy industry), and member of the Supervisory Board at Doedijns Group International. Previously, Peter Wit was CFO and managing director at recycling company Inashco B.V. (2014-2017), CFO at offshore energy services provider Dockwise Ltd (2009-2013), Supervisory Board member at staffing company Atlas Professionals (2013-2018) and held several positions (finance manager Albania, M&A advisor in the UK and COO/CFO for Shell’s asset management company) at Royal Dutch Shell Group between 1992 and 2009. Peter Wit holds a Master’s degree in Business Administration from the University of Groningen and obtained a post-doctorate controlling degree (RC) from the VU University Amsterdam. Peter Wit holds no shares in Sif Holding N.V.

Caroline van den Bosch (born 1964, female, Dutch nationality, centre of the picture). Relevant expertise and experience: procurement, human resources, information technology, sales & marketing. She was first appointed to the Supervisory Board in February 2016 for a four year period. Caroline van den Bosch was reappointed at closing of the 2019 Annual General Meeting of Shareholders for a four- year term until 2023. Caroline van den Bosch holds 50% of the shares in Emeritor (procurement services and software) and is booster for NL2025 and mentor for NLGroeit. Caroline van den Bosch holds a marketing degree from the school of Business Administration and Economics (HEAO) in Utrecht as well as a NIMA-C marketing degree (MBA level). Caroline van den Bosch holds no shares in Sif Holding N.V.

Peter Gerretse (born 1955, male, Dutch nationality, second from the left on the picture). Relevant expertise and experience: international business, project management, production, industrialization and automation, international B2B-marketing. He was first appointed to the Supervisory Board in February 2016 for a four year period. Peter Gerretse was reappointed at closing of the 2020 Annual General Meeting of Shareholders. Peter Gerretse has been a member of the supervisory board of Vanderlande Industries B.V. since 2017. He was a member of the supervisory board of Aeronamic Holding from 2010 to 2017. Between 1995 and 2013, Peter Gerretse worked for Vanderlande Industries, a leading supplier of logistic process automation at airports and in the parcel market, where his last position was President and CEO. Before joining Vanderlande Industries, Peter Gerretse held several management positions at Fokker Aircraft. Peter Gerretse holds an engineering degree in Aerospace Engineering from Delft University of Technology. Peter Gerretse holds no shares in Sif Holding N.V.

Peter Visser (born 1956, male, Dutch nationality, far left on the picture). Relevant expertise and experience: general management, finance, auditing, risk management, M&A. He was first appointed to the Supervisory Board on an interim basis as of 1 November 2017 for the period until closing of the 2018 Annual General Meeting of Shareholders. Upon nomination of Sif's largest shareholder Egeria, Peter Visser was appointed to the Supervisory Board on 3 May 2018 for a four year period. Peter Visser will resign and be available for reappointment at closing of the Annual General Meeting of Shareholders in 2022. Peter Visser is co-founder of Egeria and director of Egeria Capital Management B.V. From 1992 until 1997, he was director of the bank MeesPierson N.V. with responsibility for private equity activities in Europe. From 1983 until 1992, Peter Visser worked for McKinsey & Company and founded his own consulting firm, Management & Investment B.V. Peter Visser holds an economics degree from the University of Groningen.

Each member of the Supervisory Board possesses the specific expertise necessary to fulfil this role and carry out this task. The Supervisory Board aims for diversity in its composition in terms of age, gender, professional and educational background and professional experience. The above-mentioned elements are included in the profile drawn up by the Supervisory Board and published on Sif's website on the Corporate Governance page.

SUPERVISORY BOARD PROFILE MATRIX

Area of Expertise	Supervisory Board member
Offshore Energy Services Industry	André Goedée, Peter Wit, Peter Visser
General Management, Project Management	Peter Visser, André Goedée, Peter Gerretse, Caroline van den Bosch
Finance, Administration, Accounting	Peter Wit, Peter Visser
Strategy	Peter Visser, André Goedée
Marketing, Sales	Caroline van den Bosch
Manufacturing, Production	Peter Gerretse
Innovation, Research, Development	Peter Gerretse
Safety, Environment	André Goedée, Peter Gerretse
Human Resources, Personnel, Organization	Caroline van den Bosch, André Goedée
Information Technology	Peter Wit, Caroline van den Bosch
Risk-Management	Peter Visser, Peter Wit
Regulatory	Peter Wit

Dutch law (section 142b of Book 2 of the Dutch Civil Code) stipulates an obligation for listed companies to appoint at least one third women and at least one third men on Supervisory Boards. The Supervisory Board of Sif currently consists of five members, one of whom is a woman (20%). In line with its diversity policy, Sif will pursue that with the 2023 change in composition of the Supervisory Board, the gender balance will be brought in line with the representation as foreseen by Dutch law. Transitional provisions in Dutch law command that this is applied by 2023 at the latest. Considering the transitional period that Sif is going through, it is preferred to have continuity in management and therefore to uphold the current composition of the Supervisory Board for the moment.

ROTATION SCHEDULE SUPERVISORY BOARD

	2022	2023	2024	2025	2026
André Goedée		✓			
Caroline van den Bosch		✓			
Peter Gerretse			✓		
Peter Visser	✓				✓
Peter Wit	✓				✓

The composition of the Supervisory Board is such that the members are able to operate critically and independently from one another, the Executive Board and any particular interests. Other than the circumstances described below, there were no circumstances that may lead to a (potential) conflict of interest with Supervisory Board members as set out in articles 2.7.3-2.7.4 of the Code in 2021.

There were no conflicts of interest with members of the Executive and Supervisory Boards as understood in Article 2.7.3-2.7.4 of the Corporate Governance Code in 2021.

Peter Visser, as a Supervisory Board member and as a board member of 49.4% shareholder Egeria Group AG, is potentially in a conflicting position. Whether this situation can lead to a conflict-of-interest situation is evaluated at every Supervisory Board meeting and before each agenda item. On one occasion in 2021, this resulted in a withdrawal by Peter Visser from discussions under one agenda item. Peter Visser left the Supervisory Board meeting when this agenda item was tabled for discussion. Furthermore, Peter Visser did not participate in Supervisory Board member- discussions and decisions that took place from January 2022 on the financing of the possible expansion and adjustment of production facilities.

Caroline van den Bosch is recommended by the Works Council for appointment to the Supervisory Board and as such the Supervisory Board's primary contact for the Sif Works Council.

All transactions conducted between Sif Holding N.V. and any of the Supervisory Board members are agreed on market terms. Decisions to enter into transactions that are of material significance to Sif and any of its Supervisory Board members require the approval of the Supervisory Board. Such transactions are published in the annual report. There were no such transactions in 2021.

Supervisory Board report

The Supervisory Board's organization and activities

As a standard, the Supervisory Board convenes six times per calendar year. Four of these meetings are organized around the scheduled releases of results and quarterly trading updates. The other two meetings are organized to discuss Sif's strategy and to approve the budget. Certain agenda items for these meetings are prepared by the Audit Committee and the Remuneration Committee. The Supervisory Board did not install a Selection & Nomination Committee since nominations and appointments are considered full board subjects for preparation and decision making. The members of the two Supervisory Board committees are as tabled below:

COMPOSITION OF SUPERVISORY BOARD COMMITTEES

	Audit Committee	Remuneration Committee
André Goedée		
Caroline van den Bosch		Member
Peter Gerretse		Chair
Peter Visser	Member	Member
Peter Wit	Chair	

Remuneration Committee

The remuneration committee convened three times in 2021, everytime in the presence of the CEO. All the members of the remuneration committee attended the meeting. On the agenda were the remuneration report for 2021 and the performance indicators for variable remuneration. The Remuneration Committee also discussed the Long-Term Incentive plan ("**LTIP**") and the idea to expand the group of participants under the LTIP to all the members of the management team.

Audit Committee

In 2021, the Audit Committee assessed the audit requirements and discussed the audit plan and the key audit findings with the external auditor. Sif has not appointed an internal auditor, but has implemented alternative measures to ensure contacts between the Audit Committee and the external auditor proceed properly and to ensure proper documentation of these contacts. The Audit Committee convened on five occasions in 2021. The CFO of Sif attended all the Audit Committee meetings. Key audit findings were discussed and progress on follow-up was reported during the meetings. The Audit Committee and the Supervisory Board as a whole met once with the external auditor in the absence of the Executive Board. The external auditor was present at two meetings of the Audit Committee.

Supervisory Board

The Supervisory Board conducted 10 conference calls to discuss monthly progress and results and convened on 10 occasions in 2021 for Supervisory Board meetings that were partially attended in person and partially through MS Teams. Three Supervisory Board meetings were held to discuss Sif's strategy in general and more in particular the consequences of the trend in the market to apply turbines with higher capacity and the impact this has on the size and weight of the foundations. The research project into the effects of this trend for Sif received the internal working title 'P11' and was the sole subject of five Supervisory Board meetings subsequent to these more general strategy meetings. These Supervisory Board meetings were mostly attended by the entire management team. Except for two Supervisory Board members, each missing out on one meeting, all the members attended all the Supervisory Board meetings. One Supervisory Board meeting was convened to discuss the budget for 2022 and one meeting to prepare for the AGM in 2021. The remaining Supervisory Board meetings had financial reporting on the agenda and several other items such as commercial and operational progress, risks, IT security and implementation, staffing and business development.

The Chairman of the Supervisory Board and the CEO were in contact on a regular basis in one-to-one (MS Teams) meetings to discuss business progress and prepare the Supervisory Board meetings.

During the General Meeting of Shareholders on 14 May 2020, Ernst & Young Accountants LLP were appointed external auditor for the reporting years 2021 and 2022. Ernst & Young Accountants LLP audited the 2021 financial statements and explained their findings during a meeting of the Supervisory Board. Other topics discussed during the same meeting included the reports of the Executive Board and the Supervisory Board in respect of 2021.

Also in 2021, the Supervisory Board discussed its own performance and its profile. None of the Executive Board members attended the discussions on these subjects. The Supervisory Board concluded that the management of Sif is due to take some important strategic decisions in the course of 2022. Continuity of management is of prime importance this period. It was therefore decided to nominate the two resigning Supervisory Board members Peter Visser and Peter Wit for a next term of four years. Except for the above items on the agenda, all other items on agendas for Supervisory Board meetings were attended by the Executive Board, an observer representing Egeria and a secretary. On two occasions, the auditor attended part of the Supervisory Board meeting.

During last year's self-assessment of the Supervisory Board, it was concluded that improvement potential for functioning was seen in the field of communications, also with the Executive Board, and in the ongoing discussions of specific subjects that are often constrained by agenda-items relating to number-reporting. By planning more meetings with specific themes and by stimulating one-on-one discussions amongst Supervisory Board members and with individual Executive Board members, communications have improved.

The Supervisory Board enjoys a good working relationship with the Executive Board, the management team and the Works Council.

None of the Supervisory Board members holds more than two supervisory positions as referred to in the Dutch Management and Supervision of Legal Entities Act. Based on the list of suppliers and clients and on the confirmations at the start of each Supervisory Board meeting that no participants at the meeting have conflicts of interest, the Supervisory Board has no indications of any further kind of conflict of interest between Sif and Supervisory Board members.

Financial accountability and dividends

The report of the Executive Board and the 2021 financial statements were submitted to the Supervisory Board in accordance with the provisions of Article 30 of Sif's articles of association. The financial statements were submitted for auditing to Ernst & Young Accountants LLP ('EY'), which subsequently issued, on the basis of its audit, an unqualified auditor's report on the financial statements.

The Supervisory Board discussed the financial statements with the Executive Board in the presence of the external auditor and subsequently approved the financial statements on 17 March 2022. The Supervisory Board will submit the financial statements for the 2021 financial year to the Annual General Meeting of Shareholders on 12 May 2022 and recommends that the financial statements be adopted. The Supervisory Board is of the opinion that the financial statements constitute a sound basis for the account given by the Executive Board of its management and by Supervisory Board of its supervision of the management.

The Supervisory Board also proposes that the Executive Board should be discharged from liability for the policy pursued and that the Supervisory Board should be discharged from liability for the supervision conducted. Profit attributable to the shareholder for 2021 amounted to € 11,6 million. The Supervisory Board has approved the proposal by the Executive Board to retain approximately 60% or € 6.8 million of the profit attributable to shareholders and to add this amount to the general reserve of the Company. Pay-out of a dividend of € 0.19 per share (€ 4.8 million in total, 42%) for the year 2021 will be proposed to the Annual General Meeting of Shareholders in May 2022.

Acknowledgements

The members of the Supervisory Board have signed the financial statements in compliance with their statutory obligations pursuant to section 2:101, subsection 2 of the Dutch Civil Code.

With a well-filled ordebook for the midterm, Sif can face the longer-term challenges with confidence. A solid analysis was made of the required technology, skills and factory lay-out to be able to manufacture monopiles of the future and best serve our clients. While writing this annual report, we are in de midst of the analysis of the financial impact and requirements of our plans to expand our capacity to 500 kiloton and at the same produce at least 200 monopiles per year. Getting to a firm capex-amount, contracting at least one launching customer and designing a sound financing plan should lead to a Final Investment Decision early July 2022.

With 171 Kton production, 2021 was a decent year from a utilization perspective, especially taking COVID-19 hurdles into consideration. Owing to a sound pricing environment, solid execution and tight cost-control, adjusted EBITDA for the full year with €39.4 million ended markedly higher than our guidance.

It is positive to see the maintained high level of loyalty and involvement that Sif employees have demonstrated, also in 2021. They smoothly adapted to the stringent policies and working-procedures relating to COVID-19. With that, they again proved to be of decisive importance to Sif's successes. We wish to express our sincere appreciation to the Executive Board and all employees for their commitment and the resilience they have demonstrated over the past year. We also wish to thank all our stakeholders for the confidence they have shown in the company.

Roermond, the Netherlands, 17 March 2022

André Goedée (Chairman)
Peter Wit
Caroline van den Bosch
Peter Gerretse
Peter Visser

Remuneration report

As referred to in section 2:135b of the Dutch Civil Code and in principle 3.4 of the Dutch Corporate Governance Code, this remuneration report is based on Sif's remuneration policy. A draft of this policy was presented to the shareholders, together with the Works Council's advice, for their approval at the Annual General Meeting of Shareholders on 14 May 2020. The remuneration policy was approved by the AGM and published on the Corporate Governance page of the website of Sif. An outline of the Remuneration policy is included in the Governance-paragraph of this annual report on page 52-53.

The remuneration policy is instrumental to the realization of Sif's strategy and to longer term value creation for all the stakeholders of Sif. For the remuneration of Executive Board members, Sif applies a peergroup comparison. In 2020 Sif undertook a market analysis with support of external consultants. This resulted in the selection of a peergroup including seven listed and seven non-listed companies. Main criteria for peergroup-selection were a combination of the type of business (project-business), ownership (public ownership) and size (revenues and employees).

Based on the 2021 remuneration, Sif takes a median position in the peergroup for Executive Board remuneration.

Sif's 2021 Annual General Meeting of Shareholders was held on 12 May 2021. The 2020 remuneration report was supported by the shareholders. We engaged with stakeholders such as shareholders and proxy solicitation firms to further understand the feedback we received. This helped us in the creation of this remuneration report for 2021. Especially where it concerns the predetermined target levels and the performance on individual key performance indicators ("**KPI**") by individual members of the Executive Board.

The following overview summarizes the salaries and performance related bonusses and other remuneration elements of the Executive Board. The 2021 remuneration is based on the remuneration policy as approved by the Annual General Meeting of Shareholders in 2020. The outcome on both the annual incentive ("**STI**") and the long-term incentive ("**LTI**") reflects the actual performance. No discretion was applied on those outcomes. Nor were targets adjusted during 2021. The adoption of non-financial KPI's in addition to financial KPI's that now also include ROACE, better match the business Sif is in and the strategy Sif is following. Together with the STI-LTI-balance on which the Works Council advised when presenting the remuneration policy to the Annual General Meeting of Shareholders for approval, these support the ambition to create long-term value. Scenarios have been analyzed and taken into consideration when designing the remuneration policy.

Executive Board remuneration

	Fred van Beers		Leon Verweij		Ben Meijer
Type of recompense In €, excluding VAT	**2021**	**2020**	**2021**	**2020**	**2021**
Base salary	382,398	376,747	104,821	282,874	138,730
Employer´s pension contributions	22,706	21,281	24,491	41,312	12,428
Pension compensation	34,230	48,596	17,150	40,368	9,768
Annual bonus (accrual)	224,330	95,893	49,688	98,841	59,273
LTIP (accrual)	139,714	-	51,724	25,724	7,234
Termination fee	-	-	143,559	-	-
Other benefits (car lease, travel expenses and relocation expenses)	45,082	40,992	14,028	38,037	23,718
Social security and other payments	10,004	10,182	3,851	10,182	5,800
Total remuneration	**858,464**	**593,691**	**409,312**	**537,338**	**256,951**
Paid annual bonus in the year, earned over the previous year	192,117	80,370	117,431	78,573	-
Paid vested LTIP	-	-	51,724	25,724	-
Total actual paid variable remuneration	**192,117**	**80,370**	**169,155**	**104,297**	**-**

The remuneration package includes the following elements:

Base salary

The Supervisory Board determines the base salary and may, at its discretion, apply an increase. The fixed base salary for Executive Board members increased with the cost-of-living index in 2021. This implies a 1,5% increase.

Annual bonus

The annual bonus is in cash and based on pre-defined KPI's that may differ for each Executive Board member. The Supervisory Board confirms that the results on which the 2021 short term incentive for the Executive Board members is based, are derived from the audited financial statements. The bonus for 2021 will be paid in cash in 2022 as soon as the audited annual accounts are approved by the Supervisory Board for presentation to the Annual General Meeting of Shareholders. The annual bonus is based on financial performance indicators for at least 60% as outlined in the remuneration policy.

	max score	2021 target	2021 actual	score	bonus payable
For CEO					
Contribution € mln	14.7%	103.068	110.992	11.4%	
EBIT € mln	14.7%	13.148	18.449	14.7%	40.8%
ROACE %	14.7%	12.28	43.22	14.7%	
acquisition KCI	4.0%			4.0%	
ESG/Safety LTIF	4.0%	<1.5	4.98	0.0%	12.0%
ESG/Induction pre-heating	4.0%			4.0%	
progress production expansion	4.0%			4.0%	
Total					52.8%
For CFO					
Contribution in € mln	12.0%	103.068	110.992	9.6%	
EBIT in € mln	12.0%	13.148	18.449	12.0%	33.6%
ROACE in %	12.0%	12.28	43.22	12.0%	
business controls	4.0%			4.0%	
financials business case for expansion plan	5.0%			5.0%	9.0%
upgrade AX to M365	5.0%			0.0%	
Total					42.6%

At target, the short term incentive is 40% of the fixed base salary for the CEO and 35% for the CFO. The maximum short term incentive is 60% or 50% of the fixed base salary for CEO and CFO respectively. For 2021 the payable bonus percentages for Executive Board members are 52.8% for the CEO and 42.6% for the CFO. In the previous year, the payable bonus percentage for the annual bonus was 51.0% of fixed base salary for the CEO and 41.5% of fixed base salary for the CFO.

Pension

Executive Board members are offered a pension arrangement for a pensionable salary that is based on the fixed annual compensation including holiday allowance.

Sif may contribute for 100% to the pension premiums or reimburse the Executive Board member with an equal amount if he/she decides to refrain from participation in Sif's pension arrangement. The pension contribution covers the maximum pension amount, the pension compensation covers the excedent arrangements with or without director-contribution.

LTIP

The long-term equity-based incentive is granted in performance share units ("**PSU**"). Under the long-term incentive plan 4,623 PSUs with value of €76,464 were conditionally awarded to CEO (7,055 in 2020 with value of €70,374) and 2,780 PSUs with value of €45,981 were conditionally awarded to CFO Ben Meijer (5,297 in 2020 with value of €56,572 to CFO Leon Verweij). Vesting of performance shares conditional upon employment after a period of 3 years. The 2018-awards under this LTIP vested in 2021. The pay-out on vested LTIP-arrangements to CFO was €51,724 in 2021.

Severance payment

Executive Board members are entitled to contractual severance payments or termination fees amounting to six months' salary in the event of a change of control of the Company and in the case of early dismissal at the request of the Supervisory Board and the General Meeting of Shareholders other than for termination due to cause. A termination fee of €143,559 was paid to CFO Leon Verweij in 2021.

Internal pay ratio

The average total pay per FTE of members of the Executive Board (CEO and CFO) in comparison to a reference group of all Sif employees (the pay ratio) is 8.8 (7.6 in 2020). The pay ratio at Sif is calculated as the gross expenses of all Sif employees, Executive Board members excluded. Gross expenses for all Sif employees include wages and salaries, social security contributions and pension expenses as reported in Note 8 to the financial statements. This results in total gross expenses of €29,604 thousand for 356 FTEs (€25,073 thousand for 313 FTEs in 2020) when excluding Executive Board members or €83,156 (€80,358 in 2020) per Sif employee based on the average number of employees for the year under review. The comparable expenses for Executive Board members include fixed base salary, employer's pension contributions, pension compensation, annual bonus and social security and other payments as reported in Note 33 to the financial statements. The pay ratio also includes LTIP value at the vesting date. This results in total gross expenses of €1,298,348 for two FTE (€1,052,000 for two FTE in 2020) or €649,174 (€526,000 in 2020) per Executive Board member. Herewith, the pay ratio is within the bandwith of 6.8–8.9 that the Works Council advised to observe when commenting on the proposed remuneration policy in 2020.

The 2020 Remuneration report was discussed in the Annual General Meeting of shareholders 2021 and presented for an advisory vote. Of the shares voted for (79.44% of shares issued), 98.58% voted in favor. A question from shareholder VEB related to the score of both Executive Board members (compared to the predetermined target level) on each of the five distinct criteria for the annual bonus. In response to that question, the Chairman referred to page 35 of the 2020 annual report. The VEB then called on Sif to provide additional information on the implementation of the remuneration policy in order to better align with the Shareholders' Directive ("EU Directive 2017/828 (Shareholder Rights Directive II") and the associated guidelines. In this year's remuneration report, Sif has indicated what KPI's applied to which Executive Board member and how each Executive Board member performed on these KPI's.

Remuneration and company performance

	2021	2020	2019	2018	2017
Executive Remuneration (in €)					
Fred van Beers	858,464	593,691	629,091	231,677	
Ben Meijer[1]	256,951				
Jan Bruggenthijs[2]				766,327	1,343,678
Leon Verweij[3]	409,312	537,338	456,883	609,853	290,482
Pay ratio	**8.8**	**7.6**	**8.2**	**8.5**	**7.6**
Company performance indicators					
Contribution/ton*	637	609	542	539	585
EBITDA	39,061	31,756	26,371	13,258	57,118
Net debt (ex-IFRS 16) year-end	-73,201	-2,645	21,293	30,377	25,107

1. Chief Financial Officer as of 12 May 2021.
2. Chief Executive Officer as of September 2014 until 3 May 2018.
3. Chief Financial Officer until 12 May 2021
* ex marshalling and engineering revenues

Supervisory Board remuneration

The General Meeting of Shareholders determines the remuneration of the Supervisory Board members. The remuneration is in no way dependent on Sif's results; Supervisory Board members receive a fixed amount as remuneration; they do not receive a performance related remuneration nor are they awarded Sif shares or share options in Sif as part of their remuneration.

SUPERVISORY BOARD REMUNERATION

		Remuneration				
in €[1]	2021	2020	2019	2018	2017	2016
André Goedée	70,000	70,000	70,000	70,000	70,000	70,000
Maarten Schönfeld[2]				20,000	60,000	52,500
Peter Gerretse	45,000	45,000	45,000	45,000	45,000	40,000
Caroline van den Bosch	45,000	45,000	45,000	45,000	45,000	40,000
Peter Wit[3]	45,000	45,000	45,000	30,000		
Peter Visser	45,000	45,000	45,000	45,000	7,500	
Alexander van Wassenaer[4]					37,500	45,000
Total remuneration	**250,000**	**250,000**	**250,000**	**255,000**	**265,000**	**247,500**

1 excluding VAT and expenses
2 resigned 3 May 2018
3 appointed 3 May 2018
4 resigned 23 October 2017

Capital Resources

Sif applies financial resources that are provided by its equity owners (paid-up capital, premium and retained earnings), by lenders and by business partners (working capital). Sif aims optimal financing at the lowest cost of capital given a certain acceptable risk. These financing sources are balanced through the dividend policy and banking arrangements, assuming minimal working capital requirements.

Equity

Sif Holding N.V. shares (SIFG.AS) have been listed on the Euronext Amsterdam stock exchange since May 2016 with ISIN code NL011660485. Sif's authorized share capital is €25 million, divided into 125 million ordinary shares with par value of €0.20 At the end of 2021, 25,501,356 ordinary shares had been issued with a par value of € 0.20 each. All the shares bear equal voting rights and are entitled to dividend paid out of Sif's profit reserves (known as the 'one share one vote' principle). At the end of 2021 market capitalization amounted to € 312 million (€ 422 million at the end of 2020). All issued shares are fully paid-up, are registered and have been entered into a collective deposit by transfer to Euroclear Nederland or to an intermediary. Euroclear Nederland is listed in the shareholders' register held by the Company. The LEI code of 13016026 Sif Holding N.V. is 724500J0BPD5CLHCK040.

SHARE INFORMATION

	2021	2020	2019	2018	2017	2016
Closing price at year-end in €	12.24	16.54	12.50	11.66	17.41	15.48
Highest price during the year in €	19.08	17.16	14.72	19.50	25.35	15.97
Lowest price during the year in €	11.18	7.50	8.72	11.02	15.37	13.15
Average daily trading in number of shares	24,912	44,915	40,766	30,660	80,429	37,020
Market capitalization at year-end in € 1,000,000	312	422	319	297	444	395
Earnings per share in €	0.45	0.29	0.22	-0.08	1.21	1.47
Dividend per share in €	0.19	0.12	0.00	0.10	0.30	0.37
Average number of shares issued in 1,000	25,501	25,501	25,501	25,501	25,501	25,501
Total dividend in € 1,000	4,845	3,060	0	2,550	7,690	9,341

Ownership

The free float in Sif shares is approximately 40% of the issued shares as at 31 December 2021. The following holdings were disclosed pursuant to the Decree on the Disclosure of Major Holdings and Capital Interests in Securities-Issuing Institutions as part of the Dutch Financial Supervision Act:

REGULATORY FILING OF SHARE OWNERSHIP

(Ultimate beneficial) shareholder	% of total capital and/or voting rights	Date of disclosure
Schroders Plc	6.08%	20 May 2021
Moneta Asset Management	5.00%	18 May 2020
The Vanguard Group	<3.00%	18 November 2019
Egeria Group AG	49.38%	31 October 2019
Egeria Capital Holding B.V.	6.46%	13 April 2017
SND Participatie B.V.	4.62%	9 May 2017

Substantial holdings (or short positions) equal to or exceeding 3% of the issued capital of Sif Holding N.V. should be reported to the Dutch financial markets' regulator Autoriteit Financiele Markten (Netherlands Authority for the Financial Markets/AFM). The AFM should subsequently be notified again when the substantial holding (or short position) reaches, exceeds or falls below a certain threshold. Thresholds for reporting are 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%. The reported percentage as reflected in the table "regulatory filing of share ownership" are therefore not necessarily the actual percentages that are held.

Authorization to acquire and issue shares

Acquisition and issue of Sif shares is exclusively decided upon by The General Meeting of Shareholders. The General Meeting of Shareholders has authorized the Executive Board to acquire and to issue shares and/or to limit or exclude legal pre-emption rights. On 12 May 2021, the General Meeting of Shareholders extended the authorization of the Executive Board to resolve, subject to Supervisory Board approval, to issue shares or grant rights to subscribe for shares and/or to limit or exclude pre-emption rights in relation to an issuance of shares or a grant of rights to subscribe for shares by a period of 18 months (i.e. until 12 November 2022). The authorization is limited to a maximum of 5% of the issued share capital of Sif as at 12 May 2021 plus, in the case of and related to acquisitions, mergers, unravelling of mergers and strategic alliances, an additional 5% of the issued share capital of Sif as at 12 May 2021.

The General Meeting of Shareholders has authorized the Executive Board to acquire fully paid-up shares subject to certain legal and statutory constraints. The Executive Board has been authorized for a period of 18 months (therefore until 12 November 2022) to resolve, subject to Supervisory Board approval, to repurchase shares for a price that is higher than €0.20 and that does not exceed 110% of the average market price of the Company's shares during the five consecutive trading days prior to the date the repurchase is decided upon by the Company. The authorization is limited to 10% of the issued share capital of the Company as at 12 May 2021.

Insider trading

Sif Holding N.V. has an insider trading policy. The Compliance Officer maintains a list of permanent and deal-related insiders and informs insiders of all obligations deriving from the applicable regulations. The full text of the insider trading policy is published on Sif's website on the Corporate Governance.

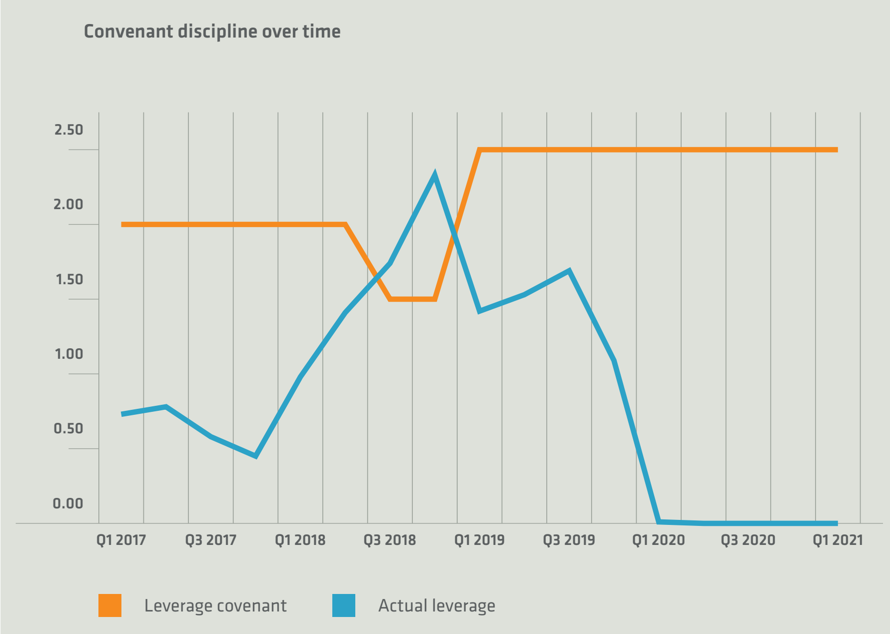
Debt

Sif has had debt and guarantee facilities in 2021 with a banking consortium comprising ABN AMRO, Euler-Hermes, ING, Rabobank and Tokio Marine with 31 March 2022 as expiry date. Early 2021 Sif and the banking consortium agreed on an extension of the facilities by two years, therefor now expiring on 31 March 2024. Interest is based on Euribor plus a surcharge that depends on covenants on a quarterly basis. Total debt, solvency and EBITDA numbers are based on ex-IFRS 16 numbers. Discounts of up to 0.05% can be achieved when realizing certain sustainability targets on safety and CO2 footprint. In 2021 these sustainability targets were not met for safety. Therefore, no discount applied.

The facilities comprise:

	Facility
Revolving credit facility	€ 100 million
Committed guarantee facility	€ 250 million
Leverage covenant (Total debt/EBITDA)*	Max 2.5
Solvency*	Min 35%
*adjusted for IFRS 16 effects	

The debt facilities are subject to covenant ratios that are based on results and balance sheet corrected for IFRS 16 effects and that are reflected in above table. Leverage amounted to 0.00 (0.00 in 2020), with covenant at 2.5. Solvency was 47,8% as at 31 December 2021 (50,0% as at 31 December 2020), with covenant at 35%.


Convenant discipline over time
2.50
2.00
1.50
1.00
0.50
0.00
Q1 2017
Q3 2017
Q1 2018
Q3 2018
Q1 2019
Q3 2019
Q1 2020
Q3 2020
Q1 2021
Leverage covenant
Actual leverage

Risk and risk-management

Executing its strategy and running its day-to-day operations exposes Sif to certain strategic, operational, legal, regulatory and financial risks. In view of the (fraud)risk management and control measures in place within Sif, and considering its risk appetite, the level of risks to which Sif is exposed is acceptable. However, errors, fraud, losses or unlawful acts may occur.

Sif has formulated mitigating measures to limit risks. The table on the next page lists the most important mitigating measures and the status of their implementation. The table also shows which risks Sif is willing to accept in order to achieve its strategy and which risks it will definitely not accept.

Effective risk management is pursued through various measures including an organizational **structure** that includes good governance and appropriate checks and balances.

The purpose for which Sif's products are used, implies that product flaws are unacceptable. On a constant basis Sif has its quality and operational procedures under review. Quality control procedures start with contract and design review and document and data control and continue through purchasing procedures, production process control, equipment inspection and testing, materials, parts and components, ultrasonic weld testing and specific coating tests. These procedures and included check-points, ensure Sif's products are in an optimal condition before being handed over to the client. Sif has a long-standing reputation for quality and takes high value in continuous improvement.

In 2021, the COVID-19 pandemic and measures to prevent spreading, made it a challenge to conduct site-audits both for clients and certification institutions at Sif and for Sif at suppliers. Audits were often conducted online. In 2021 clients carried out three audits at Sif's location Roermond and six at Maasvlakte 2. Sif carried out seven audits at suppliers and subcontractors. Certification institutions carried out nine audits in the context of ISO 3834-2, 9001, 14001, 45001, VCA, DNVGL-SE and DNV-CP certification. Certification in conformance with ISO 3834-2 is linked to ISO 9001 and has been subject to surveillance audits in 2021. This certification applies for both Roermond and Maasvlakte 2. Both locations are ISO 45001, ISO 14001 and VCA** certified. ASME certification applies to the facilities in Roermond. In 2021 Sif initiated internal auditing of processes and process-risks.

Sif's **processes** are supported by policies such as Supervisory Board rules, Management Board rules, a contracting policy, an insider trading policy, a fair disclosure and bilateral dialogue policy and a whistleblower policy. Operating processes are designed in accordance with various standards and audited on a semi-annual basis. Sif is certified to ISO 9001, ISO 3834-2, API-2B/API-Q1, EN1090-1/EN1090-2, ASME U, U2, S, VCA**, ISO 45001, ISO 14001 and DNVGL-CP-0352 standards. Annually, Sif is involved in a limited number of large projects. The impact of single projects on annual results may be large. Before tendering, sales, operations, QHSE, engineering project management, legal and finance engage in a thorough contract review. The review includes manufacturability, required resources, planning and project specifics. Once contracted, projects are subject to a monthly progress and financial review by project controllers, project management and Executive management, during which both progress and the development of the risk profile are reviewed. Adjustments to anticipated manhours, project expenses and results are made if and as required. This is reflected in the progress of the projects and therefore also in results on the projects that are measured on percentage of the progress. The statement of financial position, the statement of profit and loss and other comprehensive income and cash flow statements that reflect eventual changes in project forecasts are reported to and discussed with the Supervisory Board on a monthly basis whereby the amount of steel used (in Ktons) and man-hours spent in relation to completed products and anticipated man-hours are key indicators.

The key component to sound risk management is Sif's corporate **culture**. Sif's values are codified in a Code of Conduct and have been translated into standards through the formulation of policies like the insider trading policy, a diversity policy, a bribery policy and good leadership that promotes the drive for innovation, the acquisition and transfer of knowledge and that safeguards a rewarding, non-discriminatory and inclusive working environment where employees are encouraged to speak out under protection of the whistleblower policy.

Based on the above and the risks that materialized during the year under review, the Executive Board of Sif is of the opinion that Sif's internal risk management and control systems provide a reasonable assurance that the financial reporting does not contain any errors of material importance and that the risk management and control systems worked properly in the year under review.

Risk matrix

Strategic risk
- Dependence on offshore wind industry with limited number of clients, projects, (geographical) markets and products
- Raw materials and labour shortages
- Competition from new entrants or vertically integrated manufacturers may affect Sif's market share
- Global opinions on approach of climate change may change

Operational risk
- General Economic environment could influence order intake, revenues, profits and cashflow
- Offshore wind is a project business which may be volatile
- The industry is subject to technological changes which may affect market share, results or prospects
- Alignment between 2 factories may be inadequate
- Sif is dependent on skilled technical staff that may not be available
- Sif is subject to safety hazards
- The size of the monopiles may exceed Sif's manufacturability
- Sif is dependent on a limited number of key suppliers
- Sif's Roermond factory faces the risk of flooding

Risk mitigation
- Product development (innovation)
- Geographical diversification
- Increase inhouse detail engineering skills
- Cost-leadership, supply chain flexibility and innovation
- Strong solvency and cash-position
- Management Control and speak-up culture
- Multi-factor authentication and secure document exchange

Financial risk
- Sif may need additional debt or equity funding which may not be available (at attractive terms)
- The share price and material prices may fluctuate
- Financial reporting may be inadequate
- Credit and interest rates may fluctuate
- Global economic conditions may change

Legal and regulatory risk
- Material changes in applicable laws and regulations may affect Sif's business
- Sif depends on intellectual property which they may not be able to defend sufficiently
- Sif's reputation may be damaged by fraud or (safety) incidents
- Sif faces product liabilities that may be caused by inferior work or unclear inspection (criteria)
- Sif may suffer IT cyber security incidents

The outbreak of a worldwide pandemic nor the outbreak of the war in Ukraine was anticipated in the risk-matrix of Sif. Other risks in the Sif Risk matrix may have emerged or may have become more imminent during the year under review. This mainly concerned the volatility that results from ever increasing products and projects and the emergence of new competition. The size of the majority of the products and projects on the market makes it more challenging to optimize factory utilization. In 2021, the impact of the Hollandse Kuist Zuid and, to an even larger extent, the Dogger Bank A project underpinned this. Sif was able to smoothen this impact by extended project preparation and scenario testing.

Important mitigation tools to smoothen capacity utilization are innovation, product development and inhouse detail engineering. In 2021 innovation initiatives included, amongst others, participation in design projects for floaters and the further development of the 'Skybox' concept.

Formulated	**In progress**	**Completed**
We identified risks and considered the measures and risk appetite.	We identified risks, formulated measures and risk appetite. Implementation is in progress.	We identified risks, related measures and risk appetite. This resulted in sufficient response and therefore the status is completed and incorporated into our internal control environment.

Strategic risk	Materialized 2021	Measures to mitigate strategic risk	Risk appetite	Status
Dependending on Northwest European and on emerging other markets can disrupt the business.	Where these risks materialized in 2018-2019 with the Seamaid, Vineyard and Saint Nazaire projects, the last two years were not impacted by similar events.	Focus on mature markets in North Sea territory and select joint venture partners in emerging markets Japan, Taiwan and United States to diversify geographically.	Sif may take equipment and know-how to markets outside Northwest Europe only when not jeopardizing home markets and only if sufficient market funnel is in place. Until that time Sif preferably manufactures from production facilities in The Netherlands.	Completed
Dependence on limited number of products may affect utilization, revenues and earnings.	In 2021 Sif manufactured foundations for two projects: Hollandse Kust Zuid and Dogger Bank A.	Developing new products and add-on services to limit dependence on limited number of products/projects. Started marshalling activities in 2019 and completed acquisition of KCI the engineers in 2021 to grow engineering activities.	Sif will only develop new products for existing markets or enter new markets with existing products.	Completed
Dependence on offshore wind energy with limited number of clients and projects.	Slowdown of oil & gas offshore production activities in Europe	Maintain solid contracting principles and thorough contract review procedures Maintaining cost leadership and a certain flexible workforce to achieve the flexibility required to deal with volatility.	Safeguard balance between permanent and flexible workforce and include critical positions in permanent workforce (instead of flexible).	Completed
Sif could be affected by increasing competition from new and existing industry participantes and face pressure on pricing of Sif's products.	Announcements by Haizea, SeAH and EEW to start monopile production in Spain UK and USA from 2023 and 2026 respectively.	Promote customer loyalty and render best-in-class services. Maintain investments in innovation, capacity and size of products.	Current market can absorb new manufacturers of monopiles to restore healthy demand-supply balance. Sif decided to start feasibility study for new facilities.	Completed

Legal and Regulatory	Materialized 2021	Measures to mitigate legal and regulatory risk	Risk appetite	Status
Any reputational damage to offshore wind may result in customers withdrawing orders or a decrease in demand for Sif's products.	none	Authorization matrix. Control and assurance. Company culture.	Zero incidents	
Fraud or other violation of values in Code of Conduct may cause reputational damage and exclusion from projects.	none	E-learning and speak-up culture. Implementation of value-related policies such as anti-corruption and bribery policy. Control measures as 4-eye principles	No violations of company values.	
Sif operates in a highly regulated environment with far-in-advance planning and interest groups that may feel threatened from new projects (shipping, fishing, environmental).	none	Innovations to take away concerns of interest groups.		
Sif may become responsible for products provided by parties not selected by itself.	none	Quality control and assurance, contracting principles and insurance.	Zero defects to finished products.	
IT-cyber-security.	none	Implement multi factor authentication, awareness training on security and privacy, annual pentests and introduction of i-babs as a secure environment for confidential meeting documents.	Protection of privacy and access to client and competitor sensitive as well as to shareprice sensitive information is key.	
Inspection criteria may be unclear or not sufficiently standardized.	Rework on audited projects.	Strive for standardized quality criteria.	Zero defects.	

Financial risk	Materialized 2021	Measures to mitigate financial risk	Risk appetite	Status
Inadequate reporting process.	none	Strengthening project management and control function and implemented ERP system (AX).	Timely and reliable monthly financial reporting (monthly reporting latest on 15th day subsequent to end of month).	
Availability of or fluctuations in the prices of materials or of other sources of energy could materially and adversely impact the cost competitiveness of Sif's products	Steel and energy prices showed volatility in 2021 but especially post closing of 2021.	Pass-through costs for key materials (steel).	Only tender with pass through costs for steel.	
Sif is exposed to interest rate risk, which could reduce Sif's profits and materially and adversely affect its financial results. Sif could be subject to unexpected needs for liquidity and debt financing, which could be exacerbated by factors beyond its control, including adverse capital and credit market conditions.	none	Pursuing a credit policy, maintaining solvency and healthy cash levels and following treasury policy guidelines as explained in Note 26 to the Financial Statements 2021 paragraphs 'credit risk', 'liquidity risk' and 'market risk' respectively.	Zero breaches of banking covenants or covenant holidays when needed.	
Changes to global economic or geopolitical conditions.	Economy standstill due to pandemic or boycott of trading for geopolololitical reasons.	Good contracting policies, flexible workforce, strong balance sheet and cash management.	Zero risk of changes of prices for raw materials; steel is a 100% pass- through item. Apply multi-sourcing policies for procurement.	

Operational risk	Materialized 2021	Measures to mitigate operational risk	Risk appetite	Status
Sif is dependent on a limited number of key suppliers and partners and is subject to suppliers' and partners' credit and supply chain risks which may affect timely delivery and quality of raw materials and components and therewith disrupt Sif's production.	Continuation of COVID-19.	Maintain and develop the strong relationship with key suppliers and clients based on mutual interest. Develop good relationships with suppliers and clients. Treat steel as a pass-through cost to avoid pricing risk. Negotiate sound payment conditions, performance bonds or credit insurance. Tweak production methods to allow for products from other producers (steelplates, flanges, coating).	Maintaining conditions as defined in contracting policies Steel is always a pass- through cost Positive cash flow from projects.	
Deviations or delays in relation to projects may have a material adverse effect on Sif's revenue, earnings and cash-flow.	None	Maintaining a flexible workforce to adjust workforce to workload. Scale up in-house design engineering for earlier involvement; engage in flexible capacity agreements.	Safeguard balance between permanent and flexible workforce.	
Inadequate alignment of existing and new factories may cause delays or disruptions.	none	Transferring working methods and techniques from experienced Roermond-staff to Maasvlakte2. Scaling up in-house detail engineering capabilities.	Uninterrupted production flow. Acquisition of KCI the engineers.	
Limited availability of skilled and experienced staff may cause delays or deficiencies.	Tight labour market in Western Europe for technical personnel (welders and rollers) has impacted growth of payroll-based expertise.	Strengthening talent development and developing employee training and loyalty programme to retain key personnel. Maintaining good relationships with staffing agencies.	Uninterrupted production flow.	
Insufficient flexibility or resources to adapt to changing regulations and specifications.	Turn fear for change into opportunities.	Talent development, training and in-house engineering know-how.	Market leadership in manufacturing capacity and skills.	
Safety hazards.	Too many Incidents and near-misses.	Embedding safety in company culture and maintaining focus on health of employees.	Zero accidents.	
Risk of flooding of Roermond facilities that are situated outside the dykes.	Production site in Roermond almost flooded.	Work on a sustainable high water protection program together with government bodies and industry partners.	Flooding of facilities once every 50 years.	
Risk of acts of war or terrorism may jeopardize Sif's production facilities and materials and energy supplies	None in 2021 but Russian-Ukrainian war 2022 may lead affect steel and gas supplies	Explore alternative sourcing areas for steel and energy	No disruptions in commitments to clients	

Executive Board declaration

The Executive Board states that all information, which must be disclosed pursuant to Article 2a of the "Besluit inhoud bestuursverslag" (Decree content of the Report of the Executive Board), is included in this Executive Board Report.

The Executive Board declares that, to the best of its knowledge:

1. The report of the Executive Board provides sufficient insight into the shortcomings (which did not occur during the financial year) and operating effectiveness of the internal risk management and control system;
2. The aforementioned systems provide a reasonable degree of assurance that the financial reporting does not include any inaccuracies of material importance;
3. The current state of affairs justifies the preparation of the financial statements on a going concern basis (for which we refer to the paragraph: 'Financial Outlook');
4. The financial statements as included in this report provide a true and fair view of the assets, liabilities, financial position and profit for the financial year of Sif and its affiliated group companies included in the consolidation;
5. The report of the Executive Board as included in this annual report provides a true and fair view of the situation on the balance sheet date, the business development during the financial year of Sif and of its affiliated group companies included in the financial statements. The report of the Executive Board describes the material risk to which Sif is exposed;
6. The report of the Executive Board states those material risks and uncertainties that, to the best of the Executive Board's knowledge, are relevant to the expectation of Sif's continuity for the period of 12 months after the preparation of the report.

Roermond, 17 March 2022
Fred van Beers (CEO)
Ben Meijer (CFO)

FINANCIAL CALENDAR 2022

14	April	AGM record date
10	May	Deadline for registration or voting for AGM
12	May	Release of Q1 2022 trading update
12	May	Annual General Meeting of Shareholders
16	May	Quotation ex-dividend
17	May	Dividend record date
19	May	Payment of net dividend to Financial Intermediaries for distribution to shareholders
26	August	Publication of 2022 interim results
4	November	Publication of Q3 2022 trading update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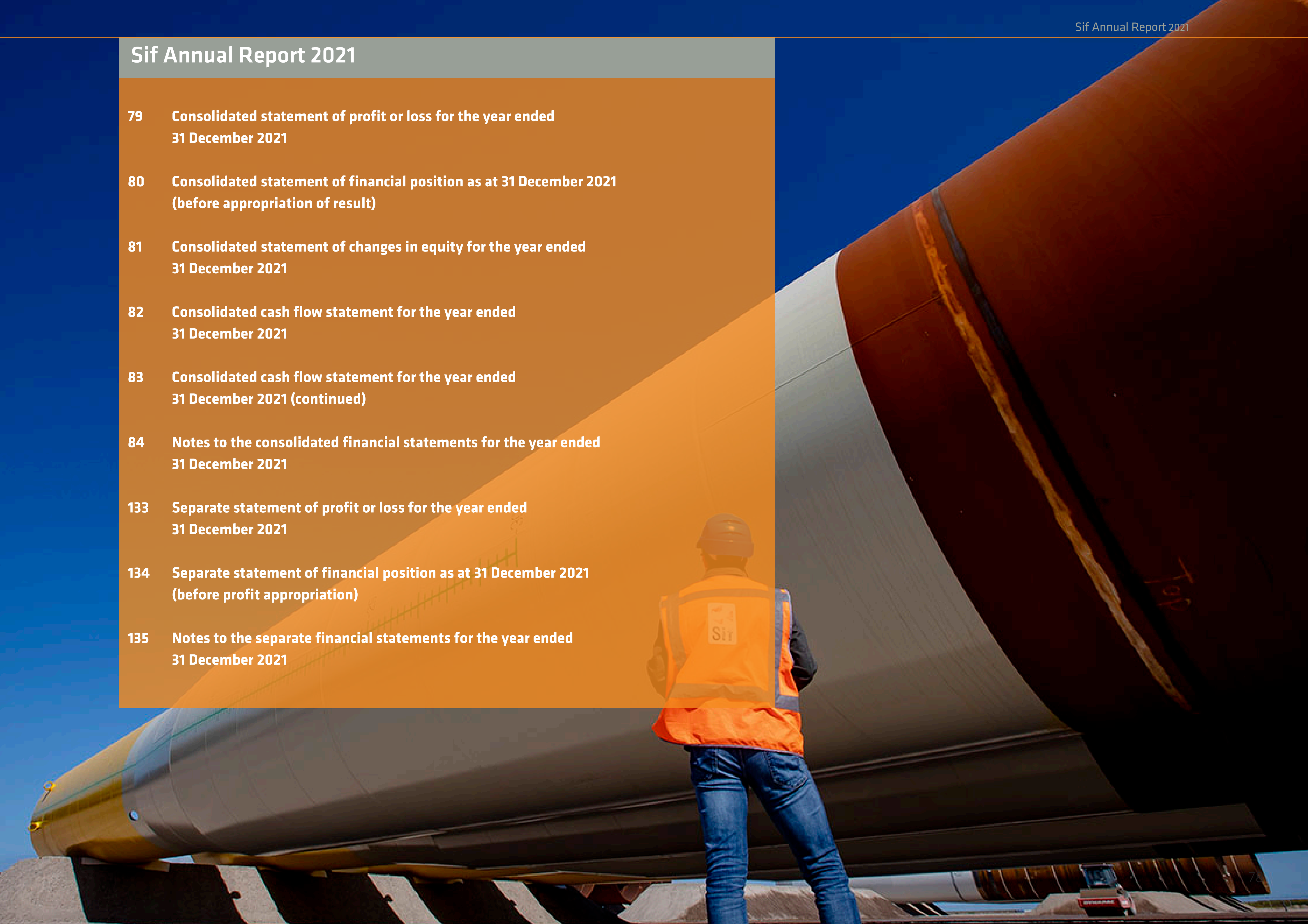
HKN-00
EMA
45



Sif Annual Report 2021

Consolidated statement of profit or loss for the year ended 31 December 2021

AMOUNTS IN EUR '000	Notes	2021	2021	2020	2020
Revenue from contracts with customers			418,496		330,130
Operating lease income			4,045		5,303
Total revenue	7		422,541		335,433
Raw materials		160,311		130,437	
Subcontracted work and other external charges		126,090		82,510	
Logistic and other project related expenses		21,910		20,894	
Direct personnel expenses	8	32,213		27,091	
Production and general manufacturing expenses		11,238		11,389	
Indirect personnel expenses	8	20,208		20,888	
Depreciation and amortization		21,712		20,348	
Facilities, housing and maintenance		4,127		5,125	
Selling expenses	9	632		1,018	
General expenses	10	8,096		4,325	
Operating profit			16,004		11,408
Impairment (losses) / reversals on financial assets		16		(2)	
Finance costs	11	(2,352)		(2,396)	
Finance costs and impairment losses			(2,336)		(2,398)
Other income	6, 17		1,345		0
Share of profit of joint ventures	12, 18		82		(61)
Profit before tax			15,095		8,949
Income tax expense	13		3,208		1,376
Profit after tax			**11,887**		**7,573**
Attributable to:					
Non-controlling interests	23		297		302
Equity holders of Sif Holding N.V.			11,590		7,271
Profit after tax			**11,887**		**7,573**
Earnings per share	14				
Number of ordinary shares outstanding			25,501,356		25,501,356
Basic/diluted earnings per share (EUR)			0.45		0.29

Consolidated statement of financial position as at 31 December 2021 (before appropriation of result)

AMOUNTS IN EUR '000	Notes	31-Dec-2021	31-Dec-2020
Assets			
Intangible fixed assets	15	477	1,265
Property, plant and equipment	16	107,612	110,340
Right-of-use assets	32	104,598	51,902
Investment property	17	425	400
Investments in joint ventures	18	115	33
Deferred tax assets	13	748	349
Total non-current assets		213,975	164,289
Inventories	19	612	375
Contract assets	20	12,944	29,555
Trade receivables	21	17,927	43,661
VAT receivable		50	-
Other current financial assets		-	15
Prepayments		2,472	1,307
Cash and cash equivalents	22	73,201	2,645
Total current assets		107,206	77,558
Total assets		**321,181**	**241,847**

AMOUNTS IN EUR '000	Notes	31-Dec-2021	31-Dec-2020
Equity			
Share capital	23	5,100	5,100
Additional paid-in capital	23	1,059	1,059
Retained earnings		84,527	80,316
Result for the year		11,590	7,271
Equity attributable to shareholder		102,276	93,746
Non-controlling interests		821	524
Total equity		103,097	94,270
Liabilities			
Lease Liabilities - non-current	25, 32	100,573	50,139
Employee benefits - non-current	27	416	273
Other non-current liabilities	29	1,407	1,484
Total non-current liabilities		102,396	51,896
Lease Liabilities - current	25, 32	5,110	4,625
Trade payables		62,082	63,438
Contract Liabilities	20	37,713	14,319
Employee benefits - current	27	2,460	2,042
Wage tax and social security		791	1,557
VAT payable		-	5,482
CIT payable		2,081	498
Other current liabilities	29	5,451	3,720
Total current liabilities		115,688	95,681
Total liabilities		218,084	147,577
Total equity and liabilities		**321,181**	**241,847**

Consolidated statement of changes in equity for the year ended 31 December 2021

AMOUNTS IN EUR '000	Share capital	Additional paid-in capital	Retained earnings	Result for the year	Total	Non-controlling interests	Total equity
Balance as at 1 January 2021	5,100	1,059	80,316	7,271	93,746	524	94,270
Appropriation of result	-	-	7,271	(7,271)	-	-	-
Total comprehensive income							
Profit for the year	-	-	-	11,590	11,590	297	11,887
Total comprehensive income	-	-	-	11,590	11,590	297	11,887
Transactions with owners of the Company							
Dividend distributions	-	-	(3,060)	-	(3,060)	-	(3,060)
Total transactions with owners of the Company	-	-	(3,060)	-	(3,060)	-	(3,060)
Balance as at 31 December 2021	**5,100**	**1,059**	**84,527**	**11,590**	**102,276**	**821**	**103,097**
Balance as at 1 January 2020	5,100	1,059	74,828	5,488	86,475	222	86,697
Appropriation of result	-	-	5,488	(5,488)	-	-	-
Total comprehensive income							
Profit for the year	-	-	-	7,271	7,271	302	7,573
Total comprehensive income	-	-	-	7,271	7,271	302	7,573
Balance at 31 December 2020	**5,100**	**1,059**	**80,316**	**7,271**	**93,746**	**524**	**94,270**

Consolidated cash flow statement for the year ended 31 December 2021

AMOUNTS IN EUR '000	Notes	2021	2020
Cash flows from operating activities			
Profit before tax		15,095	8,949
Adjustments for:			
Depreciation and amortization of Property, Plant and Equipment and Intangible assets	15, 16	16,524	15,051
Depreciation of right-of-use assets	32	5,189	5,297
Fair value adjustments on investment property	17	(25)	-
Unrealised changes in joint ventures	18	(82)	61
Gain on bargain purchase	6	(1,320)	-
Impairment (losses) / reversals on financial assets		(16)	2
Net finance costs		2,352	2,396
Changes in net working capital			
o Inventories	19	(237)	(63)
o Contract assets and liabilities	20	40,386	(19,516)
o Trade receivables	21	26,637	1,579
o Prepayments		(605)	(1,007)
o Trade payables		(1,720)	18,716
Total changes in net working capital		64,461	(291)
VAT payable and receivable		(5,542)	3,751
Initial direct costs on operating lease contracts		(2,095)	-
Other financial assets		859	5
Employee benefits		198	(362)
Wage tax and social security		(1,000)	1,240
Other liabilities		(1,291)	(2,232)
Government grants received	29	841	133
Income taxes received / (paid)		(1,971)	1,330
Interest received / (paid)		(947)	(994)
Net cash from operating activities		**91,230**	**34,336**

Consolidated cash flow statement for the year ended 31 December 2021 (continued)

AMOUNTS IN EUR '000		2021	2020
Cash flows from investing activities			
Purchase of intangible fixed assets	15	(100)	(277)
Purchase of property, plant and equipment	16	(10,826)	(4,650)
Acquisition of subsidiaries	6	(567)	-
Net cash from (used in) investing activities		**(11,493)**	**(4,927)**
Cash flows from financing activities			
Movements in revolving credit facility	25	(174)	(22,698)
Payment of lease liabilities	32	(5,947)	(5,645)
Dividends paid	23	(3,060)	-
Net cash from (used in) financing activities		**(9,181)**	**(28,343)**
Net increase / (decrease) in cash and cash equivalents		70,556	1,066
Cash and cash equivalents at 1 January		2,645	1,579
Cash and cash equivalents at 31 December		**73,201**	**2,645**

Notes to the consolidated financial statements for the year ended 31 December 2021

1 Reporting entity

Sif Holding N.V. (the 'Company') is a public limited liability company domiciled in the Netherlands. The Company's registered office is at Mijnheerkensweg 33, Roermond. These consolidated financial statements comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies'). Information on the structure of the Group is provided in note 31. The company is registered with the Netherlands Chamber of Commerce Business Register under number 13016026.

The consolidated financial statements of the Group for the year ended 31 December 2021, were authorised for issue in accordance with a resolution of the Executive Board on 17 March 2022.

The Group is primarily involved in the manufacturing of foundation piles for offshore wind farms and metal structures, parts of metal structures, pipes, pipe structures, and components for the offshore industry.

As from 12 May 2016 the shares of the company have been listed on Euronext Amsterdam.

2 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS). The financial statements also comply with the financial reporting requirements included in section 9 of Book 2 of the Netherlands Civil Code.

The consolidated financial statements have been prepared on a historical cost basis, except for investment property that has been measured at fair value. The Group's consolidated financial statements are presented in EUR ('000), which is also the Company's functional currency, if not stated otherwise. All values are rounded to the nearest thousands (EUR '000) on individual line items which can result in minor rounding differences in sub-totals and totals, except when otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period.

2.1 Going concern

In determining the appropriate basis of preparation of the consolidated financial statements, management is required to consider whether the Group can continue in operational existence for the foreseeable future.

The future financial performance of the Group is dependent upon the wider economic environment in which it operates. The factors that particularly affect the performance of the Group include political decision making and global economic conditions. COVID-19 has heightened the inherent uncertainty in the Group's assessment of these factors. However, the outlook remains positive: the orderbook is almost fully contracted until halfway 2024 and early 2021 the financing arrangements have been extended until 31 March 2024. Furthermore, the market for offshore generated sustainable energy is expected to continue growing for the coming years, which results in sufficient opportunities on the longer term.

Reference is made to note 36 for our assessment of the events after balance sheet date related to the war in Ukraine.

Accordingly, management considers there to be no material uncertainties that may cast significant doubt on the Group's ability to continue to operate as a going concern. Therefore, the Group continues to adopt the going concern basis in the preparation of the consolidated financial statements.

COVID-19 impact

The Group assessed the impact of the COVID-19 pandemic on the various estimates and risks in the consolidated financial statements, such as liquidity risk, credit risk, impairment risk and the risk for onerous contracts.

COVID-19 did not impact the Group's orderbook and order intake and the impact on the Group's operations has been limited. Furthermore, the Group has been able to extent the financing arrangements until 31 March 2024 during the pandemic. Therefore, the Group considers there to be no significant impact on liquidity risk, impairment risks and the risk for onerous contracts.

Furthermore, the Group has used external credit agencies for the estimates of credit risk and therefore the possible impact of COVID-19 on the creditworthiness of the Group's customers has been taken into account. This did not result in a significant increase of the expected credit loss provisions.

2.2 Management estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make estimates and assumptions. To make these estimates and assumptions the Group uses factors such as experience and expectations about future events that are reasonably expected to occur given the information that is currently available. These estimates and assumptions are reviewed on an ongoing basis.

Revisions of accounting estimates and assumptions, or differences between accounting estimates and assumptions and the actual outcomes, may result in adjustments to the carrying amounts of assets and liabilities, which would be recognised prospectively.

Contract assets and liabilities

Revenues from contracts with customers and direct costs are recognised in the statement of profit or loss in proportion to the satisfaction of each performance obligation. In the Wind and Other segments the satisfaction is assessed based on the actual hours incurred compared with the estimated hours needed to complete the full performance obligation. In addition, management estimates at each reporting date the total expected costs to be incurred for each individual performance obligation and adjustments are made where appropriate. Detailed explanations of the degree of judgment and assumptions used are included under the respective section in the notes to the financial statements related to revenues from contracts with customers (note 7 Operating segments).

Leases

The Group rents warehouse/factory equipment and several housing units in order to carry out its activities. As of September 2015, the Group entered into a lease agreement with Havenbedrijf Rotterdam N.V. for the lease of two plots in the Rotterdam harbor. The lease of plot A started at 1 September 2015 and will end on 1 July 2041 (cancellable as per 1 July 2031). The lease of plot B started at 1 July 2017 and will end on 1 July 2041 (cancellable as per 1 July 2031). As of July 2019, the Group entered into a lease agreement with Havenbedrijf Rotterdam N.V. for plot C. The lease for plot C started on 30 July 2019 and will end on 1 July 2041 (also cancellable as per 1 July 2031).

Extension options or cancellation options are included in the lease term when the group has such an economic incentive that exercising the option is reasonably certain. The group considers available evidence at the time of the assessment, including potential favourable terms upon extension, potential termination penalties, the relative costs associated with potential relocation or termination of the lease and the extent of leasehold improvements undertaken. Additionally, the size and the relative importance of the leased premises as well as the availability of easily substitutable assets is taken into consideration when assessing whether the group has an economic incentive to extend a lease for which it holds an option to do so.

The Group applies judgement in evaluating whether it is reasonably certain it will or will not exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or the termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

As a result of the progress of expansion plans as described in the Report of the Executive Board, the Group concluded that the estimate with respect to the early termination option in the lease contracts needs to change accordingly. After finalization of the market study performed (finalized end of September 2021) and taking into account the results from the underlying business plans, the Group concluded end of October 2021 that it is reasonably certain that the option to early terminate the lease contacts at 1 July 2031 will not be exercised. Consequently the lease terms of the lease contracts of the plots are extended to 30 June 2041. Therefore 1 November 2021 is taken as the moment of the significant event to change the estimate.

This change in estimate results in a remeasurement of the right of use assets and lease liabilities with respect to the lease contracts. The total remeasurement amounts to EUR 53,7 million for both the right of use assets and the lease liabilities, without an impact on profit and loss. As part of the remeasurement the Group revised the discount rate to a lower percentage, mainly reflecting the decline in the overall yield curves. The extension of the lease term (ceteris paribus) results in a decrease in the subsequent annual depreciation expenses of the right of use assets and an increase in the annual interest expenses on the lease liabilities. This is largely offset by the impact of the decrease in the discount rate, which results in the fact that depreciation expenses and interest expenses subsequent to the remeasurement have not materially changed as compared to the situation before the remeasurement.

As a consequence of the revised estimate with respect to the lease term of the leased plots, the Group has reassessed the estimated useful lives of the leasehold improvements on the plots. In line with the extension of the lease terms to 30 June 2041, the Group has extended the useful lives of the leasehold improvements to that same date. This change in estimate is applied prospectively as per 1 November 2021, and results in a decrease in depreciation expenses of EUR 1,2 million per year. The impact on the 2021 profit and loss amounts to EUR 0,2 million.

Jubilee scheme

The costs of the jubilee scheme are calculated according to actuarial method. This method uses assumptions about discount rates, future salary increases, and retention rates. Such estimates are very uncertain, owing to the long-term nature of the scheme. The assumptions used are reviewed each reporting date.

3 Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

3.1 Basis of consolidation

Subsidiaries

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

1. Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
2. Exposure, or rights, to variable returns from its involvement with the investee;
3. The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are expensed as incurred and included in general expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Summary of significant accounting policies

Revenue from contracts with customers

The Group is primarily involved in the manufacturing of foundation piles for offshore wind farms and metal structures, parts of metal structures, pipes, pipe structures, and components for the offshore industry. Furthermore, the Group is providing Marshalling and logistics services to its clients. In addition, with the acquisition of KCI The Engineers B.V., the Group is also involved in the engineering of solutions for renewables market, the oil & gas market and other equipment. Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the (series of) goods or services before transferring them to the customer.

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Construction contracts

Identify the contract(s) with a customer

The Group identifies a contract with a customer when all the criteria of IFRS 15 are met. The price as agreed upon may vary in the beginning of the project. The initial contract price is normally determined based on situations in the past and the company is working with its customers on the final design and development of the project. The change in the contract price is a change within the existing contract and relates mainly to adjustments before the start of the production. A combination of contracts is considered for every individual contract, although mostly not applicable as contract prices are determined on a standalone basis and no discounts are given related to other contracts. Contract modifications are relatively limited.

Under IFRS 15 cost to obtain a contract - when they are incremental - and if they are expected to be recovered —should be capitalized and then amortized consistently with the pattern of revenue for the related contract. However, since the expected amortization period is approximately one year or less, the cost to obtain a contract are expensed when incurred.

Identify the performance obligations in the contract

The goods of the Group include mainly monopiles, transition pieces, legs, piles and pilesleeves. Goods within a contract that are substantially the same and that have the same pattern of transfer to the customer are considered as series of distinct goods. These series and the other individual goods are identified as separate performance obligations as the customer can benefit from the goods on its own or with readily available resources and the goods are distinct within the context of the contract. This results in an accounting treatment with a series of goods on a performance obligation for the aforementioned goods, as the series of goods are designed for a specific project and connected to each other without having the opportunity to adjust these easily. The aforementioned goods are separated as these can be considered to be distinct. Storage of goods is not considered a performance obligation, as it is not a promise in the contract. Only when the customer requires additional storage of goods (in addition to the initially agreed schedules), this is assessed in light of the guidance for contract modifications.

Determine the transaction price

The transaction price is the price that the company expects to receive for the satisfaction of the performance obligations taking into account among others: discounts, financing components, liquidated damages and penalties. Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. In case the Group determined that the estimates of variable consideration are constrained, the transaction price is adjusted accordingly. The main variable consideration that can be applicable to the contracts of the Group is related to liquidated damages, which are performance penalties in the contract in case agreed milestones are not met. Based on facts and circumstances in relation to the respective project, the Group assesses to what extend it is highly probable that a significant revenue reversal will not occur in future periods once the uncertainty related to the variable consideration is resolved. Other forms of variable considerations are relatively limited, as the Group provides no volume rebates, no rights of returns, no performance bonuses, no refunds nor credits.

Allocate the transaction price to the performance obligations in the contract

The transaction price is separately agreed for the relevant performance obligation or are spread over the performance obligations based on the calculation which was the basis for the contract.

Recognise revenue when (or as) the entity satisfies a performance obligation

The Group recognizes revenue when (or as) a performance obligation is satisfied, i.e., when control of the (series of) goods or services underlying the particular performance obligation is transferred to the customer. The Group recognise revenue over time, since its performance creates or enhances an asset that the customer controls as the asset is created, its performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date. The Group uses the input method to measure progress over time, based on labour hours spent. The actual hours spent in relation to the total expected hours to the satisfaction of that performance obligation is considered a reliable measure to recognize revenue over time.

Marshalling services

During 2019 the Group started to provide marshalling and logistic services to its clients. These services can comprise of (a combination of) mainly renting out logistical area and facilities, and providing logistical handling services.

Contracts with bundled sales of renting out space and logistical handling services are comprised of at least two performance obligations, because the renting and handling services are both sold on a stand-alone basis and are distinct within the context of the contract. Accordingly, the Group allocates the transaction price based on the relative stand-alone selling prices of the services.

As renting out logistical space is considered a lease contract within the scope of IFRS 16, the related accounting is performed in accordance with the policies as described in the section “Leases”. As the lease contracts are concluded to be operational lease, the related revenues are accounted for as operational lease income in the period the space is leased.

The logistical handling services agreed in the contract can be distinct, or a series of distinct services that are substantially the same and that have the same pattern of transfer to the customer. As a customer simultaneously receives and consumes the benefits provided by an entity’s performance and the throughput time of an individual performance obligation is limited, the Group transfers the control of the service at a point in time.

For some contracts the Group needs to incur costs in order to enable the Group to fulfil the performance obligations in the contract (initial direct costs). In accordance with IFRS 15 and 16, in the accounting of those costs to fullfill a contract, any other applicable accounting standards are considered first. If other standards are not applicable to contract fulfilment costs, the following criteria are applied for capitalisation of these costs as contract costs in case of an IFRS 15 contract:

1. The costs directly relate to a contract or to a specifically identifiable anticipated contract (e.g., costs relating to services to be provided under renewal of an existing contract or costs of designing an asset to be transferred under a specific contract that has not yet been approved).
2. The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
3. The costs are expected to be recovered.

In case the initial direct costs related to an operational lease contact for which the Group acts as the (intermediate) lessor, the initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as an expense over the lease term on the same basis as the lease income.

Contract balances

Contract assets

Contract assets represent the gross amount expected to be collected from customers for contract work performed to date. The contract assets are measured as costs incurred plus profits recognised to date less progress billings and recognised losses. Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets.

Trade receivables

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Furthermore, the Group provides warranty bonds for completed contracts. The estimated bond costs for the duration of the warranty bonds are recorded as part of the contract liabilities, and is revised periodically.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Employee benefits

Short-term employee benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. Wage tax deductions (WBSO) are recognised in profit or loss over the periods in which the Group recognises the related costs which the grants are intended to compensate.

Post-employment benefit plan
The Group has a defined benefit scheme for which premiums are payable to an industry pension fund (Bedrijfstakpensioenfonds) that is separately managed: the Pensioenfonds Metaal en Techniek (PMT). This pension scheme is administered together with those of other legal entities. The pension obligation is based on the duration of the participation in the plan and their salary levels. The related obligations are covered by the periodical premiums to the industry pension fund. The associated businesses are not obliged to compensate any deficits in the pension funds, nor are they entitled to any surpluses. Furthermore, the structure of the administration does not allow for providing the required information to the Group for accounting for the pension scheme as a defined benefit scheme in accordance with IAS 19. As such, this pension scheme has been accounted for as a defined contribution scheme in the financial statements.

Obligations for contributions to the industry pension fund are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Other long-term employee benefits
The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Cash-settled stock compensation plans are initially measured at the fair value of the liability which is expensed on a straight-line basis over the 3-year vesting period. The liability is remeasured at each balance sheet date to its fair value, reflected by the share price at balance sheet date, with any changes recognized immediately through profit and loss. All stock compensation expenses are based on the number of units that are expected to vest (based on performance conditions), the estimates of which are revised at each balance sheet date.

Finance income and finance costs
The Group's finance income and finance costs include:
- interest income;
- interest expense; and
- the foreign currency gain or loss on financial assets and financial liabilities.

Interest income or expense is recognised using the effective interest method.

Foreign currency transactions
Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item.

On consolidation, the assets and liabilities of foreign operations are translated into euros at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is realised in profit or loss.

Taxes

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Income tax expense comprises current and deferred tax. Income taxes are recognised in profit or loss except to the extent that they relate to items recognised directly in equity or in other comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, except for:

> deferred tax liabilities arising from the initial recognition of goodwill or assets or liabilities in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting nor taxable profit or loss and;

> temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible unused tax losses, tax credits and unused deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income (OCI) or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Value added tax

Expenses and assets are recognised net of the amount of value added tax, except when the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Intangible assets

Software

Software is recognised at cost less accumulated amortisation and accumulated impairment. Amortization is based on the estimated useful lives of the assets concerned and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in depreciation and amortization costs. During the period of development, the asset is tested for impairment annually.

A summary of the policies applied to the Group's intangible assets is, as follows:

>	Software:	3 years
>	Development costs:	Determined per project, standard assumption 5 years

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major renovation or overhaul is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation

Depreciation is calculated using the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is recognised in profit or loss. Land is not depreciated.

Assets which are under construction are capitalised under property, plant or equipment whereby depreciation will start when the asset is available for use.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

- Buildings: 6 – 20 years
- Plant and equipment: 5 – 20 years
- Other fixed assets: 5 – 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Derecognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

Investment property

Investment property is initially measured at cost. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss in the period of derecognition.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. For the estimated useful live of the assets reference is made to note 2.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.
The right-of-use assets are also subject to impairment. Refer to the accounting policies in section “Impairment of non-financial assets”.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The payment part of lease liabilities is separately shown in cash flow statement under financing activities. The interest part is shown as part of the interest paid. The Group‘s lease liabilities are separately shown in the balance sheet.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to terminate or extend the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew or to terminate (e.g., a change in business strategy).

Reference is made to ‘Management estimates and judgments’ in Note 2 with respect to our assessment of the lease terms.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Rents are recognized as revenue in the period in which they are earned.

Investments in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investments in its joint ventures are accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint ventures since the acquisition date.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

Non-controlling interests

Non-controlling interest is defined as the equity in a subsidiary non attributable, directly or indirectly, to a parent. For each business combination, in which the company holds less than 100% of the equity interests in the acquiree, the company recognizes an amount for the non-controlling interest in the acquiree in equity.

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand, which are subject to an insignificant risk of changes in value.

Because of the short term nature of the instrument, the Group recognises the current account at its contractual par amount. Similar to trade receivables, the current account involves one single cash flow which is the repayment of the principal. Therefore, the cash flows resulting from the receivables meet the SPPI test of payments of principal and interest despite the interest component being zero.

The Group holds the current account in order to collect contractual cash flows. The current account is therefore classified as measured at amortised cost.

Financial assets

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

Financial assets at amortised cost are the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

> The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and

> The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables, assets contracts with customers and a loan to an associate.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

> the rights to receive cash flows from the asset have expired;

or

> the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs, as these positions do not contain a significant financing component. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors such as macro economic information and the loss given default, specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments, if any.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans and borrowings)

Financial liabilities at amortized cost (loans and borrowings) is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

The Group may use interest rate swaps and foreign currency contracts to hedge its interest-rate and foreign currency risk exposures arising from project and financing activities. In accordance with its treasury policy, the Group does not hold derivatives for trading purposes. Interest-rate swaps and foreign currency contracts are measured at fair value.

The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward currency contracts is determined using the forward foreign exchange rates as at the closing date.

Fair Value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Share capital

Cash dividend and non-cash distribution to the shareholder

The Company recognises a liability to make cash or non-cash distributions to the shareholders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in the Netherlands, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value remeasurement recognised directly in equity. Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit or loss.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Onerous contracts

If the Group has a contract that is onerous, the present obligation under the contract is recognized and measured as a provision. However, before a separate provision for an onerous contract is established, the Group recognizes any impairment loss that has occurred on assets dedicated to that contract. An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e., both incremental costs and an allocation of costs directly related to contract activities).

Impairment of non-financial assets

Each reporting date, the Group assesses whether there is any indication that the Group's assets have been impaired. If any indication exists, an estimate is made of the recoverable amount of the asset concerned. An impairment is only recognized when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Any impairments are recognized in the statement of profit or loss under depreciation and impairment expenses.

The recoverable amount of an asset or cash-generating unit is the higher of the value in use and the fair value less costs of disposal. The recoverable amount is calculated for each asset individually, unless that asset does not generate any cash flows that are largely independent from those of other assets or groups of assets. The calculation of the value in use is based on a discounting of the estimated future cash flows, using a discount rate that reflects the current market assessments of the time value of money and the specific risks associated with the asset. For the calculation of fair value minus cost of disposal use is made of an appropriate valuation model.

A previously recognized impairment loss is only reversed if the assumptions used to determine the asset's recoverable amount have changed since the most recent impairment loss. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

4 Changes in accounting policies and disclosures

New and amended standards and interpretations

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 9 Financial Instruments, IFRS 7 Financial Instruments: Disclosures, IAS 39 Financial Instruments: Recognition and measurement, IFRS 4 Insurance contracts and IFRS 16 Leases- Interest Rate Benchmark Reform – Phase 2, effective 1 January 2021

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

5 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

The amendments marked with an (*) have not been endorsed by the EU per the date of these financial statements.

Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

> What is meant by a right to defer settlement
> That a right to defer must exist at the end of the reporting period
> That classification is unaffected by the likelihood that an entity will exercise its deferral right
> That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

After an exposure draft of the Board in November 2021, the Board proposed to defer the effective date to no earlier than 1 January 2024 (from 1 January 2023). The amendments must be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Earlier application is permitted.

Since the Group's current practice is in line with the amendments, the Group does not expect any effect on its consolidated financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies, effective 1 January 2023*

The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. The amendments to IAS 1 replace the requirement to disclose 'significant' accounting policies with a requirement to disclose 'material' accounting policies.

Guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures.

The amendments to IAS 1 will be effective for annual periods starting on or after 1 January 2023. The group is currently assessing the impact of these amendments on the Group's consolidated financial statements.

Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates, effective 1 January 2023*

The amendments introduce a new definition of accounting estimates. Accounting estimates are defined as "monetary amounts in financial statements that are subject to measurement uncertainty".

The amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors.

The amendments become effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. The group is currently assessing the impact of these amendments on the Group's consolidated financial statements.

Amendments to IAS 16 Property, plant and equipment – Proceeds before intended use

The amendments prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

Companies are required to apply the amendment to annual reporting periods beginning on or after 1 January 2022. The amendment must be applied retrospectively but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted.

The amendments are not expected to have a material impact on the Group.

Amendments to IAS 37 Provisions, contingent liabilities and contingent assets – onerous contracts—cost of fulfilling a contract

The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a “directly related cost approach”. The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

Companies are required to apply the amendments to annual reporting period beginning on or after 1 January 2022. Earlier application is permitted. An entity shall apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). The entity shall not restate comparative information.

The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Based on the fact that the Group currently would not have onerous contracts when applying the amendment, the amendments are not expected to have a material impact on the Group.

Amendments to IFRS 3 Business combinations – References to the conceptual framework

The amendments replaced the reference to an old version of the IASB’s Conceptual Framework (the 1989 Framework) with a reference to the current version issued in March 2018 (the Conceptual Framework). The amendments further added an exception to the recognition principle in IFRS 3. That is, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21, if incurred separately, an acquirer would apply IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to identify the obligations it has assumed in a business combination. The amendment further added an explicit statement in the standard that an acquirer cannot recognise contingent assets acquired in a business combination.

Companies are required to apply the amendments business acquisitions on or after the beginning of annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

Since the Group’s current practice is in line with the amendments, the amendments is expected to have no impact on the Group’s consolidated financial statements.

Annual Improvements Cycle - 2018-2020

The IASB issued the 2018-2020 cycle improvements to its standards and interpretations. These improvements include:

- IFRS 9 Financial instruments – The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. An entity applies the amendments for annual reporting periods beginning on or after 1 January 2022. An entity shall apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. Early application is permitted. The Group is currently assessing the possible impact of this amendment.
- Illustrative Examples accompanying IFRS 16 Leases – The amendment removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16. These amendments will have no impact on the consolidated financial statements of the Group.

6 Bussiness Combinations

Aqcuisition of KCI The Engineers B.V.

On 15 March 2021, the Group acquired 100% of the shares of KCI The Engineers B.V. (hereafter "KCI"), an unlisted company based in the Netherlands involved in the engineering of solutions for renewables market, the oil & gas market and other equipment. The acquisition results in a stronger knowledge base of design engineering competences for the Group, focused on both bottom fixed foundations and substations and future alternatives such as floating foundations.

The acquisition has been accounted for using the acquisition method. The consolidated financial statements include the results of KCI for the nine and a half month period from the acquisition date.

The final fair values of the identifiable assets and liabilities of KCI as at the date of acquisition were:

AMOUNTS IN EUR '000	Fair value recognized on acquisition
Assets	
Property, plant and equipment	198
Right-of-use assets	211
Deferred tax assets	53
Contract assets	381
Trade receivables	887
Cash and cash equivalents	873
Other current financial assets	844
Other assets	713
Total assets	**4,160**
Liabilities	
Lease liabilities	211
Trade payables	336
Other liabilities	853
Total liabilities	**1,400**
Total identified net assets at fair value	**2,760**
Gain on bargain purchase on acquisition	1,320
Purchase consideration transferred	**1,440**
Analysis of cash flows on acquisition:	0
Net cash acquired with the subsidiary (included in cash flows from investing activities)	873
Cash paid	(1,440)
Net cash flow on acquisition	**(567)**

At the date of the acquisition, the fair value of the trade receivables was EUR 0.9 million, which equals the carrying amount. As the outstanding receivables were collected shortly after acquisition date, the discounting of cash collection and adjustment of credit risks have no material impact.

The fair value of the remaining part of working capital is assessed to be in line with carrying amount, due to the short-term character of the positions. No contracts have been identified which are materially favorable or unfavorable.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities.

From the date of acquisition, KCI has contributed EUR 3.7 million of revenue and a loss of EUR 1.2 million to the net profit before tax of the Group. If the acquisition had taken place at the beginning of the year, KCI would have contributed EUR 5.2 million of revenue (consolidated EUR 424.0 million) and a net loss before tax of EUR 1.5 million (consolidated EUR 14.8 million profit before tax).

The gain on bargain purchase of EUR 1.3 million is primarily attributed to the more challenging market conditions of KCI's existing business and the investments the Group is planning to make KCI to further develop its knowledge of offshore wind foundations to realise synergies. The gain on bargain purchase is presented as part of 'Other income' in the profit or loss statement.

Acquisition related costs of EUR 0.2 million have been expensed and are included in General expenses in the statement of profit or loss and are part of operating cash flows in the statement of cash flows.

7 Operating segments

For management purposes, the Group is organised into divisions based on its products and services and has three operating segments:

- Wind, which produces and delivers monopiles, transition pieces or other foundation components for the off-shore wind industry;
- Marshalling, which includes renting-out of logistical area and facilities and the delivery of logistical services to customers, mainly in the off-shore wind industry
- Other.

These divisions offer different products and services, and require different technology and target different markets.

Information related to each operating segment is set out below.

Segment contribution constitutes the difference between revenue from contracts with customers and cost of sales. Cost of sales includes the costs of raw materials, subcontracted work and other external charges as well as logistic and other project related expenses. The gross profit is determined by segment contribution subtracted by costs relating to direct personnel expenses and production and general manufacturing expenses.

Finance income, finance costs, indirect personnel expenses, depreciation and amortization, facilities, housing and maintenance, selling expenses, general expenses and other income/expenses are not allocated to individual segments as these are managed on an overall group basis. Costs of sales like raw materials, subcontracted work and other charges and logistic and other project related expenses depend on underlying contract with customers. Gross profit is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries. Total assets, which are located in the Netherlands, are not allocated to individual segments as these are managed on an overall group basis.

Information about operating segments

AMOUNTS IN EUR '000	2021				2020			
	Wind	Marshalling	Other	Total	Wind	Marshalling	Other	Total
- Revenue from contracts with customers	411,055	3,344	4,097	418,496	316,671	3,122	10,337	330,130
- Operational lease income	-	2,455	1,590	4,045	-	3,627	1,676	5,303
Total revenue	411,055	5,799	5,687	422,541	316,671	6,749	12,013	335,433
Segment contribution	106,752	2,108	5,370	114,230	92,503	1,780	7,309	101,592
Gross profit	66,998	2,051	1,730	70,779	57,413	1,780	3,919	63,112
Indirect personnel expenses				(20,208)				(20,888)
Depreciation and impairment				(21,712)				(20,348)
Facilities, housing & maintenance				(4,127)				(5,125)
Selling expenses				(632)				(1,018)
General expenses				(8,096)				(4,325)
Net finance costs				(2,336)				(2,398)
Other income				1,345				0
Joint ventures				82				(61)
Total profit before tax				**15,095**				**8,949**

The segment 'Other' in 2020 includes the segment Oil & Gas (revenue EUR 10,3 million, Gross profit EUR 1,9 million). As the size of the segment in 2021 is very limited (revenue and gross profit EUR 0,3 million) and not a key target segment, Oil & Gas is not identified as a separte reporting segment anymore as from 2021.

The segment 'Other' in 2021 includes the newly acquired engineering business (revenue EUR 3,7 million, gross profit EUR 0,2 million). Given the limited size, which is not expected to become a significant part of total business, the engineering business is not considered a seperate reporting segment.

The depreciation and impairment expenses includes an amount of EUR 1,6 million (2020: EUR 1,5 million), which is related to the capitalised ground lease expenses (under IFRS 16) for the logistical area of the Marshalling segment.

Geographical information

The Wind, Marshalling and Other segments are managed centrally. No segment assets or liabilities are applicable as the manufacturing facilities and sales offices operate solely from the Netherlands.

The geographic information below analyses the Group's revenue by the country of domicile of contract partners, the European Union (EU) and other countries outside the EU. As the Brexit is formally in place as per 31 December 2020, revenue with contract partners in the UK is classified outside the EU in both 2021 and 2020. In presenting the following information, segment revenue has been based on the geographical location of contract partners.

The Group did not adjust the promised amount of consideration for the effects of a significant financing component, as at contract inception the period between when the entity transfers a promised (series of) goods or service to a customer and when the customer pays for that (series of) goods or service will be one year or less. Payment terms within the Group's contracts are normally in line with project milestones, which are usually similar to the satisfaction over time of the performance obligations.

AMOUNTS IN EUR '000	2021	2020
The Netherlands	270,701	81,637
All foreign countries:		
European Union (EU)	4,733	108,393
Rest of the world	147,107	145,403
Total revenue from contracts with customers	**422,541**	**335,433**

Transaction price allocated to the remaining performance obligations

The revenue from contracts with customers expected to be recognized in the future related to performance obligations that are unsatisfied (or partly unsatisfied) at the reporting date, are expected to be satisfied within one year after reporting date.

Major customers

Revenues from three customers of the Group's Wind segment represented approximately EUR 403 million (2020: four customers representing EUR 292 million) of the Group's total revenues. In 2021 the largest customer represented a revenue of approximately EUR 154 million, the second customer approximately EUR 140 million, the third customer approximately EUR 106 million. In 2020 the largest customer represented a revenue of approximately EUR 104 million, the second customer approximately EUR 91 million, the third customer approximately EUR 54 million and the fourth customer approximately EUR 43 million.

8 Personnel expenses

AMOUNTS IN EUR '000	2021	2020
Wages and salaries	24,627	20,542
Hired staff and temporary workers	17,330	18,241
Compensation/grants received	(85)	(57)
Social security contributions	3,094	2,938
Pension expenses	3,266	2,724
Other employee benefit expenses	4,189	3,591
	52,421	**47,979**

Pension expenses

Obligations for contributions to the industry pension fund are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The pension fund coverage ratio of the PMT industry fund at 31 December 2021 amounted to 106,1 % (2020: 95,4%). The 2021 pension premium has remained at a level similar to the 2020 premiums. The Group's participation in the industry pension fund is less than 0.05 % (2020: less than 0.05%) based on number of active participants in the plan.

The Group expects to incur costs for pension contributions of approximately EUR 3,3 million in 2022, of which approximately EUR 3,0 million to PMT industry fund.

Number of employees

The average number of employees employed by the Group in 2021 amounts to 358 FTE (2020: 315 FTE), which includes 42 FTE for KCI (on average 53 FTE are employed at KCI, which are included as from acquisition date). The table below provides an overview of the average number of FTE split per functional area. All employees are based in the Netherlands.

	2021	2020
Production and distribution	167	165
Innovation and maintenance	34	34
Logistic services	23	25
Planning and engineering	51	17
Quality and safety	11	10
Sales	14	12
Management	5	6
Purchasing and warehousing	15	14
Administrative	10	7
Other	28	25
	358	**315**

9 Selling expenses

AMOUNTS IN EUR '000	2021	2020
Travel and representation	149	98
Promotional and advertising costs	263	174
Tender expenses	31	537
Other selling expenses	189	209
	632	**1,018**

The tender expenses in 2020 related to some larger tenders which required external engineering services.

10 General expenses

AMOUNTS IN EUR '000	2021	2020
Consultancy fees	3,316	1,158
Insurances	2,036	1,826
Software, license fees	1,582	840
Office expenses	472	438
Other general expenses	690	63
	8,096	**4,325**

The general expenses have increased in 2021 as compared to 2020, mainly due to consultancy fees related to the expansion plans (reference is made to 'Management estimates and judgements' for more information regarding these plans) and investments in cloud software solutions.

11 Net finance costs

AMOUNTS IN EUR '000	2021	2020
Interest on loans and borrowings	(221)	(235)
Borrowing cost finance facility	(328)	(329)
Interest expense on lease liabilities	(1,071)	(1,072)
Other finance costs	(732)	(760)
Finance costs	(2,352)	(2,396)
Net finance costs recognised in profit or loss	**(2,352)**	**(2,396)**

12 Share of profit of an associate and joint ventures

For the year 2021 the result of the Group from joint ventures was EUR 82 positive (2020: EUR 61 negative). The amount consists of EUR 11 positive related to SBR Engineering GmbH (2020: EUR 14 negative) and EUR 71 positive from Smulders Sif Steel Foundations B.V. (2020: EUR 47 negative) (see note 18).

13 Income tax expense

Income tax recognised in profit or loss

AMOUNTS IN EUR '000	2021	2020
Current year income tax charge	3,158	2,016
Movement in tax balances	(94)	(168)
Prior year adjustment	144	(472)
Tax expense recognized in statement of profit & loss	**3,208**	**1,376**

The prior year adjustments relate mainly to adjustments to the application of the innovation box, since a new agreement has been reached with the tax authorities.

The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

Movement in deferred tax balances

AMOUNTS IN EUR '000	Net balance at 1 January	Reclass from current tax	Recognised in profit or loss	Net balance at 31 December
2021				
Intangible fixed assets	-	-	(25)	(25)
Property, plant and equipment	(77)	-	(5)	(82)
Right of use assets and lease liabilities	410	305	82	797
Investment property	10	-	-	10
Accounts receivable	6	-	(4)	2
Employee benefits	-	-	46	46
Tax assets (liabilities) after netting	**349**	**305**	**94**	**748**

AMOUNTS IN EUR '000	Net balance at 1 January	Reclass from current tax	Recognised in profit or loss	Net balance at 31 December
2020				
Property, plant and equipment	(79)	-	2	(77)
Right of use assets and lease liabilities	244	-	166	410
Investment property	10	-	-	10
Accounts receivable	6	-	-	6
Tax assets (liabilities) after netting	**181**	**-**	**168**	**349**

Unrecognised deferred tax assets and liabilities

At 31 December 2021 and 31 December 2020, the Group has recognised all deferred tax assets applicable to the Group.

Reconciliation of effective tax rate

%	2021	2020
Tax using the Company's domestic tax rate	24.6	24.7
Adjustment in tax rates due to correction tax incentives prior year	1.0	(5.2)
Reduction in tax rates due to tax incentives	(3.6)	(4.3)
Gain on bargain purchase	(1.0)	-
Participation Exemption	(0.1)	(0.2)
Non tax deductible expenses	0.4	0.4
Effective tax rate	**21.3**	**15.4**

The reductions in tax rates due to tax incentives mentioned in above table relates to a expected gain from the application of the innovation box. These results are partly related to previous years. The gain on bargain purchase relates to the gain resulting from the acquisition of KCI The Engineers B.V. Reference is made to note 6 for further information.

14 Earnings per share

Basic and diluted earnings per share

The calculation of basic and diluted earnings per share has been based on the profit attributable to the ordinary shareholders of the company and the weighted-average number of ordinary shares outstanding.

Weighted-average number of ordinary shares

	2021	2020
Issued ordinary shares at 1 January	25,501,356	25,501,356
Issued ordinary shares at 31 December	25,501,356	25,501,356
Weighted average number of ordinary shares at 31 December	25,501,356	25,501,356

The issued share capital of the Company amounted to EUR 5,1 million, consisting of 25,501,356 shares with a nominal value of EUR 0.20 (20 eurocents per share).

15 Intangible assets

Reconciliation of the carrying amount

AMOUNTS IN EUR '000	Software	Capitalised R&D	Total
Cost			
Balance at 1 January 2020	1,765	-	1,765
Additions	277	-	277
Disposals	-	-	-
Balance at 31 December 2020	**2,042**	**-**	**2,042**
Balance at 1 January 2021	2,042	-	2,042
Additions	-	100	100
Disposals	-	-	-
Balance at 31 December 2021	**2,042**	**100**	**2,142**
Accumulated depreciation			
Balance at 1 January 2020	(156)	-	(156)
Depreciation	(621)	-	(621)
Disposals	-	-	-
Balance at 31 December 2020	**(777)**	**-**	**(777)**
Balance at 1 January 2021	(777)	-	(777)
Depreciation	(888)	-	(888)
Disposals	-	-	-
Balance at 31 December 2021	**(1,665)**	**-**	**(1,665)**
Carrying amounts			
At 31 December 2020	1,265	-	1,265
At 31 December 2021	377	100	477

The carrying amount of capitalized R&D per year end relates to assets under construction (2020: Nil).

16 Property, plant and equipment

Reconciliation of the carrying amount

AMOUNTS IN EUR '000	Land and buildings	Plant and equipment	Other fixed assets	Total
Cost				
Balance at 1 January 2020	130,381	96,996	2,918	230,295
Additions	949	4,173	189	5,311
Disposals	-	-	-	-
Balance at 31 December 2020	**131,330**	**101,169**	**3,107**	**235,606**
Balance at 1 January 2021	131,330	101,169	3,107	235,606
Additions	4,731	7,777	201	12,709
Acquired in business combination	-	-	198	198
Disposals	-	-	-	-
Balance at 31 December 2021	**136,061**	**108,946**	**3,506**	**248,513**
Accumulated depreciation				
Balance at 1 January 2020	(48,761)	(60,067)	(2,008)	(110,836)
Depreciation	(6,020)	(8,062)	(348)	(14,430)
Disposals	-	-	-	-
Balance at 31 December 2020	**(54,781)**	**(68,129)**	**(2,356)**	**(125,266)**
Balance at 1 January 2021	(54,781)	(68,129)	(2,356)	(125,266)
Depreciation	(6,552)	(8,733)	(350)	(15,635)
Disposals	-	-	-	-
Balance at 31 December 2021	**(61,333)**	**(76,862)**	**(2,706)**	**(140,901)**
Carrying amounts				
At 31 December 2020	76,549	33,040	751	110,340
At 31 December 2021	74,728	32,084	800	107,612

At 31 December 2021 and 2020 all directly owned property, plant and equipment was collateralized as part of the financing agreements in place (see note 25).

17 Investment property

Reconciliation of the carrying amount

AMOUNTS IN EUR '000	2021	2020
Balance at 1 January	400	400
Additions	-	-
Revaluation	25	-
Balance at 31 December	**425**	**400**

Investment property comprises a commercial property that is leased to a third party. The lease contains annual rents indexed to consumer prices. Subsequent renewals are negotiated with the lessee. No contingent rents are charged. Further information about this lease is included in note 32.

Fair value as of 31 December 2021 is estimated at EUR 425 (2020: EUR 400) determined by external, independent property valuators, having appropriate recognised professional qualifications and recent experience in the location and category of the property. The fair value measurement has been categorised as a Level 3 fair value based on the inputs to the valuation technique used. The revaluation gain has been presented as part of 'Other income' in the profit or loss statement.

18 Investment in joint ventures

The Group has a 50% interest in SBR Engineering GmbH, a joint venture consisting of engineering capacity of experienced workforce. The Group's interest in SBR Engineering GmbH is accounted for using the equity method in the consolidated financial statements. As per year-end 2021 the Group's interest in the joint venture amounts EUR 44 (2020: EUR 33).

The Group has a 50% interest in Smulders Sif Steel Foundations B.V., a joint venture focused on project management in the offshore winds industry. The Group's interest in Smulders Sif Steel Foundations B.V. is accounted for using the equity method in the consolidated financial statements. As per year-end 2021 the Group's interest in the joint venture amounts EUR 71 (2020: EUR 0).

AMOUNTS IN EUR '000	2021	2020
Balance at 1 January	33	94
Additions	-	-
Result for the year	82	(61)
Dividends paid	-	-
Balance at 31 December	**115**	**33**

The Group entered during 2016 into a loan agreement with the joint venture for the amount of EUR 15, for which the last instalment is repaid in 2020. An additional loan of EUR 15 was provided during 2020 and settled in 2021. The amount of the loan agreement is classified as current financial assets EUR 0 (2020: EUR 15).

19 Inventories

AMOUNTS IN EUR '000	2021	2020
Raw materials and consumables	612	375
	612	**375**

During 2021 and 2020 no inventories were written down to the lower of net realisable value and no provision has been recognised.

20 Contract assets and liabilities

AMOUNTS IN EUR '000	2021	2020
Contract assets	12,944	29,555
Contract liabilities	(37,713)	(14,319)
	(24,769)	**15,236**
Expenses incurred including realized profit to date	831,510	398,277
Invoiced terms	(856,279)	(383,041)
	(24,769)	**15,236**

Management periodically reviews the valuation of contract assets and liabilities based on project agreements, project results to date and estimates of project expenses to be incurred. Each period end management assesses the status of the projects and takes into consideration all aspects in order to finalize the projects in line with contractual agreements and relating contingencies, such as potential upward or downward adjustment in the projected estimates, and accounts for them accordingly. Due to changes in estimates, fluctuations in the anticipated project result can occur over the contract term.

The contract assets concern all projects in progress for which the incurred expenses, including realized profit and project losses to date (if any), exceed the terms invoiced to customers. The impairment costs due to expected credit loss (IFRS 9) are not material.

Contract liabilities concern the balances of all projects in progress for which the invoiced terms exceed expenses incurred plus recorded profit minus project losses, if any. In addition, the estimated bond costs for completed contracts which are expected to be incurred within 12 months after balance sheet date are recorded as part of the contract liabilities, which amount to EUR 0,7 million at 31 December 2021 (2020: EUR 1,0 million). The revenues recognized in the reporting period that was included in the contract liability balance at the beginning of the period amounts EUR 13,3 million (2020: EUR 15,9 million).

The classification of a project as contract asset or liability can vary over time, depending on the timing of significant (progress)payments by customers and material purchases of the Group.

Both the contract assets and liabilities predominantly have durations shorter than 12 months and are therefore considered to be current.

21 Trade receivables

All trade and other receivables mature within 12 months. Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days. At 31 December 2021 an amount of EUR 1,3 million of the trade receivables were provided for (2020: EUR 1,3 million). From one period end to the other significant movement in the outstanding amounts depending on the date of invoice can occur. Based on an individual impairment analysis of trade receivables, an impairment of EUR 1,3 million deemed necessary for unrecoverable receivables. In addition, an amount of EUR 9 for impairment costs due to expected credit loss (IFRS 9) has been reported (2020: EUR 24). The movements related to expected credit loss over the period are considered to be immaterial.

At year end approximately EUR nihil of the total open balance refers to related parties (2020: EUR 32 million).

Credit and market risks, and impairment losses

Information about the Group's exposure to credit and market risks, and impairment losses for trade and other receivables, excluding contract assets in progress, is included in note 26.

As at 31 December, the ageing (without the provided trade receivables) analysis of trade receivables is as follows:

AMOUNTS IN EUR '000	Total	Not past due	<30 days past due	30 – 60 days past due	61 – 90 days past due	91 – 120 days past due	> 120 days past due
31 December 2021	17,927	17,151	39	64	5	-	668
31 December 2020	43,661	42,845	10	4	460	-	342

22 Cash and cash equivalents

AMOUNTS IN EUR '000	2021	2020
Cash	7	7
Bank balances	73,194	2,638
Cash and cash equivalents	**73,201**	**2,645**

The balance of the cash and cash equivalents are freely accessible and available to the Group and no restrictions apply.

23 Capital and reserves

Share capital

On 14 January 2016, the authorised capital of the Group was increased to EUR 25 million, consisting of 125,000,000 shares with a nominal value of EUR 0.20 (20 eurocents) per share. The issued shares were converted into 25,501,356 shares, each having a nominal value of EUR 0.20 (20 eurocents per share). All ordinary shares rank equally with regard to the Company's residual assets.

Additional paid-in capital

The additional paid-in capital results from contributions in kind by the shareholder in relation to the issuance of loans as the transaction costs related to the issuance of additional loans were not passed on by the shareholder.

Dividends

The following dividends were declared and settled by the Company during the year:

AMOUNTS IN EUR '000	2021	2020
Number of ordinary shares dividend eligible	25,501,356	25,501,356
Rounded dividend per ordinary share	0.12	-
Dividends declared and settled during the year	**3,060**	**-**

Sif's dividend policy is a payout of dividend in line with Sif's medium to long-term financial performance and targets, with the aim of increasing dividends-per-share over time. For 2022 the proposed dividend pay-out per share (to be approved by the shareholder) in a cash dividend amounts to €0,19 per share.

24 Partly-owned subsidiaries

The Group holds 60% interest in Twinpark Sif B.V., an entity involved in the development and manufacturing of a windmill. The summarised financial information of these subsidiaries is provided below. This information is based on amounts before intercompany eliminations.

Summarised statement of profit or loss:

AMOUNTS IN EUR '000	2021	2020
Operating lease income	1,480	1,480
Depreciation and amortization	359	360
Other operating expenses	123	126
Finance costs	41	13
Profit before tax	957	981
Income tax	215	228
Profit after tax	**742**	**753**
Attributable to non-controlling interests	297	302
Dividends paid to non-controlling interests	-	-

Summarised statement of financial position as at 31 December:

AMOUNTS IN EUR '000	2021	2020
Property, plant and equipment	6,467	6,826
Trade receivables	487	448
Cash and cash equivalents	3,561	2,277
Trade and other payables	(8,139)	(7,917)
Interest-bearing loans and borrowings	(325)	(325)
Total equity	**2,051**	**1,309**
Attributable to:		
Equity holders of parent	1,229	785
Non-controlling interest	821	524

Summarised cash flow information for year ended 31 December:

AMOUNTS IN EUR '000	2021	2020
Operating	1,304	1,314
Investing	-	-
Financing	(21)	(13)
Net increase in cash and cash equivalents	**1,283**	**1,301**

25 Loans and borrowings

The company has the following financing arrangements:

AMOUNTS IN EUR '000	2021	2020
Lease liabilities - non-current	100,573	50,139
Lease liabilities - current	5,110	4,625
Total Loan and borrowings	**105,683**	**54,764**

The prepaid transaction costs of the revolving credit facility are presented as part of prepayments.

Reference is made to note 32 for further information on the lease liabilities, and the related increase.

The movement in financing arrangements can be specified as follows:

AMOUNTS IN EUR '000	2021	2020
Balance at 1 January	54,938	82,606
Financing costs	(174)	(736)
Net value of loans and borrowings	54,764	81,870
Lease liabilities	50,919	(4,233)
Amortisation financing costs	174	562
Movements in revolving credit facility	(174)	(23,435)
Balance at 31 December	105,683	54,938
Financing costs	-	(174)
Net value of loans and borrowings	**105,683**	**54,764**

Information about the Group's exposure to interest rate, foreign currency and liquidity risk is included in note 26. From the above movements the amortization financing costs are non-cash.

As per 22 February 2019, the Group refinanced its 90 million revolving credit facility into a EUR 100 million revolving credit facility. The EUR 100 million revolving credit facility is funded on Euribor + supplement and will expire on 22 February 2022, with two one-year extension options. Per 1 February 2021 the financing arrangement has been extended by two years to 31 March 2024. As per year-end 2021 an amount of EUR nihil is outstanding (2020: EUR 0,2 million).

Terms and repayment schedule

The terms and conditions of outstanding loans are as follows:

AMOUNTS IN EUR '000	Currency	Nominal interest rate (%)	Year of maturity	Fair value 2021	Carrying amount 2021	Fair value 2020	Carrying amount 2020
Revolving Credit Facility	EUR	Euribor + supplement	2024	-	-	174	174
Total interest-bearing loans and borrowings				**-**	**-**	**174**	**174**

The supplement to the Euribor interest rate of the revolving credit facility depends on the leverage ratio as defined in the loan agreement and ranges between 150 and 225 bps. The revolving credit facilities are collateralized by the following items:

- Current assets (inventory and contract assets net position);
- Trade receivables;
- Intercompany receivables;
- Credit balances;
- Receivables from hedging activities;
- Receivables from insurance contracts;
- Shares in Sif Netherlands B.V. and Sif Property B.V. by Sif Holding N.V.;
- Non-current assets.

Loan covenants

As per year-end the Group has one revolving credit facility which has to be repaid in full on 31 March 2024. The interest as per 31 December 2021 is based on EURIBOR plus a supplement that depends on the leverage per quarter.

The following financial ratios have to be met:

- Solvency shall not be less than 35% in respect of any relevant period within the facility period; and
- a leverage ratio (the ratio of total debt on the last day of the relevant period to EBITDA in respect to that relevant period) which shall not exceed 2.50x.

The application of IFRS 16 in 2019, had no impact on the existing and new loan covenants, for which IFRS 16 is contractually not taken into consideration.

At year-end 2021 the Group met the applicable covenants, and the Group expects to meet the covenants during 2022.

26 Financial instruments

Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk;
- market risk.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The carrying amount of financial assets represents the maximum credit exposure.

Contract assets and Trade and other receivables

The Group's exposure to credit risk is mainly influenced by the individual customer characteristics. In addition, management considers general factors that may influence the credit risk of its customer base, including the default risk of the industry and the countries in which customers operate.

The Group has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historic payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available. Only an impairment for contract assets and trade and other receivables based on expected credit loss has been accounted for in accordance with IFRS 9.

For further information related to the collectability of trade receivables, reference is made to note 21.

Cash and cash equivalents

The Group held cash and cash equivalents of EUR 73.2 million at 31 December 2021 (2020: EUR 2,6 million). The cash and cash equivalents are held with bank and financial institution counterparties, which are at least rated A- based on rating agency ratings.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under the normal course of business, and within the covenants as agreed with the banks and financial institutions.

The Group aims to maintain the minimal level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next 60 days. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted:

AMOUNTS IN EUR '000	Carrying amount	Total nominal amount	3 months or less	3-12 months	1 - 2 years	2 - 5 years	More than 5 years
31 December 2021							
Non-derivative financial liabilities							
Lease liabilities	105,683	(115,148)	(1,564)	(4,485)	(6,014)	(11,920)	(91,165)
Trade payables	62,082	(62,082)	(62,082)	-	-	-	-
	167,765	**(177,230)**	**(63,646)**	**(4,485)**	**(6,014)**	**(11,920)**	**(91,165)**

AMOUNTS IN EUR '000	Carrying amount	Total nominal amount	3 months or less	3-12 months	1 - 2 years	2 - 5 years	More than 5 years
31 December 2020							
Non-derivative financial liabilities							
Revolving credit facility	177	(177)	(3)	0	-	(174)	0
Lease liabilities	54,764	(60,400)	(1,383)	(4,230)	(5,693)	(17,321)	(31,773)
Trade payables	63,438	(63,438)	(63,438)	-	-	-	-
	118,379	**(124,015)**	**(64,824)**	**(4,230)**	**(5,693)**	**(17,495)**	**(31,773)**

As disclosed in note 25, the Group has a revolving credit facility within the finance facility that contains loan covenants. A future breach of covenants may require the Group to repay the loan earlier than indicated in the table above.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, debt and equity investments and derivative financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

As per year-end 2021, the Group uses no derivatives to manage market risks (2020: none). All such, potential transactions would be carried out within treasury policy guidelines.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The interest rate profile of the Group's interest-bearing financial instruments as reported to management of the Group is as follows:

AMOUNTS IN EUR '000	2021	2020
Variabele rate instruments		
Revolving credit facility	-	(174)
	-	**(174)**

The Group has performed a cash flow sensitivity analysis for variable rate instruments. A reasonable possible change of 50 basis points in interest rates at the reporting date would have increased (decreased) profit or loss before tax by the amounts shown below. A sensitivity analyses on equity has not been prepared since the impact on equity will be equal to the increase (decrease) on the sensitivity analysis of profit or loss before tax (excluding tax effect).This analysis assumes that all other variables remain constant.

AMOUNTS IN EUR '000	50 basis points increase	50 basis points decrease
31 December 2021		
Variable rate instruments	-	-
Net impact	**-**	**-**
31 December 2020		
Variable rate instruments	116	(116)
Net impact	**116**	**(116)**

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of Group companies. The functional currency of Group companies is the Euro. The currency in which transactions are primarily denominated is also the Euro. The currency risk is limited since the Group almost fully conducts its sales, purchases and borrowings in its functional currency and closes hedge contracts at the time of entering into contracts in foreign currencies.

Commodity price risk

The Group is affected by the price volatility of mainly steel. However, as this risk is fully transferred to the customers of the Group, no risk remains for the Group.

27 Employee benefits

AMOUNTS IN EUR '000	2021	2020
Jubilee provision	436	339
Accrual for employee bonuses	1,007	918
Accrual for employee vacation days outstanding	987	790
Personnel expenses payable	446	268
Total employee benefits liabilities	**2,876**	**2,315**
Non-current	416	273
Current	2,460	2,042
	2,876	**2,315**

The movement in the jubilee provision can be specified as follows:

AMOUNTS IN EUR '000	2021	2020
Balance at 1 January	339	340
Additions	162	59
Used	(65)	(60)
Balance at 31 December	**436**	**339**

28 Share based payments

The Company has a share based compensation plan (Performance Share Unit (PSU)) for members of the Executive Board as part of their remuneration. Under this plan executive management are entitled to receive a cash payment equal to the value of the number of PSUs that have vested. The PSUs are paid out after the completion of a three-year vesting period, contingent on the approval from the Supervisory Board.

At 31 December 2021 the outstanding liability with regard to the PSU plan was € 0,2 million (2020: € 0,2 million). During 2021 a number of 3.100 PSUs are vested and exercised (2020: 2.464), 10.872 PSUs are forfeited (2020: nil) and 10.337 PSUs are awarded (2020: 16.830). At 31 December 2021 a number of 29.295 PSUs are outstanding (2020: 32.930 PSUs), which vest on average 20 months after reporting date.

29 Other current and non-current liablities

The Group's current liabilities mainly consist of operational expenses to be paid. In addition, EUR 0,3 million is included related to grants received by KCI related to the 'Noodmaatregel Overbrugging Werkgelegenheid' (NOW). These grants are applied for by KCI as part of the former group, around the moment of acquisition by the Company. As the Company has no need to be supported by these government grants, the Company will reimburse the grants to the government.

The non-current part mainly consist of the non-current part of the premiums to be paid for bank guarantees (EUR 1,3 million, 2020: EUR 1,4 million).

The other current liabilities include mainly liabilities for invoices to be received.

30 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders as well as to maintain an optimal capital structure to continue to be able to qualify for large commercial tenders while optimizing the overall cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group aims for a financing structure that ensures continuing operations and minimises cost of capital. For this, flexibility and access to the financial markets are important conditions. The Group monitors its financing structure using a solvency ratio. Solvency is calculated as total equity divided by total assets (excluding the impact of IFRS 16). At year-end 2021, the solvency ratio was 47,8% (2020: 50,0%).

In addition, the loan covenants are closely monitored to ensure that these remain within agreed thresholds. The current loan covenants include the solvency and leverage ratio for which reference is made to note 25.

31 List of subsidiaries

Included in the consolidated financial statements are the following subsidiaries:

Name	Location	Share in issued capital %
Sif Property B.V.	Roermond	100
Sif Netherlands B.V.	Roermond	100
Sif Japan K.K.	Tokyo	95
Twinpark Sif BV [1]	Roermond	59,4
Zonnepanelen Maasvlakte B.V.	Rotterdam	100
KCI The Engineers B.V. [2]	Schiedam	100

1 – Legally the Group holds 59,4% of the shares, but 60% in result appropriation.

2 – Acquired per 15 March 2021.

No further changes are applicable in investments in subsidiaries.

32 Leases

Group as lessee

The Group has lease contracts for various items of plant, machinery, vehicles and other equipment used in its operations. Leases of plant and machinery generally have lease terms between 3 and 25 years, while motor vehicles and other equipment generally have lease terms between 3 and 5 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

As of September 2015, the Group entered into a lease agreement with Havenbedrijf Rotterdam N.V. for the lease of two plots in the Rotterdam harbor. The lease of plot A started at 1 September 2015 and will end on 1 July 2041 (cancellable as per 1 July 2031). The lease of plot B started at 1 July 2017 and will end on 1 July 2041 (cancellable as per 1 July 2021 and as per 1 July 2031). As of July 2019, the Group entered into a lease agreement with Havenbedrijf Rotterdam N.V. for plot C. The lease for plot C started on 30th July 2019 and will end on 1 July 2041 (also cancellable as per 1 July 2031).

Right-of-use assets

AMOUNTS IN EUR '000	Right-of-use
Cost	
Balance at 1 January 2020	61,001
Additions	722
Remeasurement	(90)
Disposals	-
Balance at 31 December 2020	**61,633**
Balance at 1 January 2021	61,633
Acquired in business combination	211
Additions	2,406
Remeasurement	55,268
Disposals	(39)
Balance at 31 December 2021	**119,479**
Accumulated depreciation	
Balance at 1 January 2020	(4,434)
Depreciation	(5,297)
Disposals	-
Balance at 31 December 2020	**(9,731)**
Balance at 1 January 2021	(9,731)
Depreciation	(5,189)
Disposals	39
Balance at 31 December 2021	**(14,881)**
Carrying amounts	
At 31 December 2020	51,902
At 31 December 2021	104,598

Lease liabilities

AMOUNTS IN EUR '000

Balance at 1 January 2020	58,997
Additions	722
Remeasurement	(90)
Lease payments	(5,938)
Financing costs	1,073
Balance at 31 December 2020	**54,764**
Balance at 1 January 2021	54,764
Acquired in business combination	211
Additions	311
Remeasurement	55,268
Lease payments	(5,943)
Financing costs	1,071
Balance at 31 December 2021	**105,683**
Carrying amounts	
At 31 December 2020	54,764
At 31 December 2021	105,683

Of the total carrying value per year-end 2021 an amount of EUR 5,1 million is classified current (2020: EUR 4,6 million).

The additions in right-of-use assets include initial direct costs on operational lease contracts in the Marshalling segment of EUR 2,1 million (2020: EUR nil).

The Group had total cash outflows for leases of EUR 6,0 million in 2021 (2020: EUR 5,9 million). The Group also had non-cash additions to right-of-use assets and lease liabilities of EUR 0,3 million in 2021 (2020: EUR 0,6 million).

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Reference is made to the section 'Management estimates and judgements' for the details on the estimate relating to the lease term.

Group as a lessor

The Group leases out its investment property (see note 17), a Wind Turbine Generator located at Maasvlakte 2 and some antenna locations for telecom providers. The lease income from operational leases amounts for the year 2021 EUR 1,5 million (2020: EUR 1,5 million) and does not include variable payments.

Furthermore, as part of its contracts with customers in the Marshalling segment, the Group leases out part of the leased plots in the Rotterdam harbor and some other minor assets. These leases classify as operational sub-leases, and have terms of less than two years. The lease income from these operational lease contracts amounts for the year 2021 EUR 3,2 million (2020: EUR 3,6 million).

Future minimum rental receivable

At 31 December, the future minimum rental receivables under non-cancellable leases are as follows:

AMOUNTS IN EUR '000	2021	2020
Less than 1 year	9,744	1,417
Between 1 and 5 years	2,239	11,121
More than 5 years	-	-
	11,983	**12,538**

The future rental receivable relates mainly to operating lease agreements with customers in the operating segment Marshalling.

33 Off-balance sheet commitments

Commitments for the purchase of property, plant and equipment and raw materials

At 31 December 2021, the Group's commitments for the purchase of property, plant and equipment amounts to EUR 1.1 million (2020: EUR 0,3 million). The commitments for raw materials amounts to EUR 287,9 million (2020: EUR 30,5 million) and commitments for subcontracting amounts to EUR 16,8 million (2020: EUR 91,6 million).

Guarantee facilities

At 31 December guarantee facilities of the Group can be specified as follows:

AMOUNTS IN EUR '000	Type	31 December 2021 Total facility	31 December 2021 Used	31 December 2020 Total facility	31 December 2020 Used
Euler Hermes S.A. / Tokio Marine Europe S.A.	General	130,000	127,929	130,000	117,930
Coöperatieve Rabobank U.A.	General	40,000	11,255	40,000	24,219
ING Bank N.V.	General	40,000	33,623	40,000	7,979
ABN AMRO Bank N.V.	General	40,000	27,589	40,000	17,017
Coöperatieve Rabobank U.A.	Project	3,604	3,604	8,459	8,459
ING Bank N.V.	Project	3,604	3,604	8,459	8,459
Total		**257,208**	**207,604**	**266,918**	**184,063**

The Group is jointly and severally liable for all amounts to which Euler Hermes, Tokio Marine, Coöperatieve Rabobank U.A., ING Bank N.V. and ABN Amro Bank N.V. have a right to claim in relation to the above mentioned guarantees. The former shareholder is also jointly and severally liable for all amounts of the pending guarantees which have been provided before 12 May 2016.

Fiscal unity

For corporate income tax purposes, the Company is the parent of a fiscal unity that contains the Dutch wholly-owned group companies. The Company is therefore jointly and severally liable for the corporate income tax liabilities of the tax unity. KCI The Engineers B.V. has joined this fiscal unity as from 1 September 2021.

34 Related parties

Transactions with joint ventures

During the year, the Group received invoices for work performed by SBR Engineering GmbH for a total amount of EUR 180 (2020: EUR 167). Furthermore the Group sent invoices to Smulders Sif Steel Foundations B.V. for project related work performed for a total amount of EUR 3.2 million (2020: EUR 35 million).

Transactions with companies with which Supervisory Board members are involved as a shareholder

During the year there are no transactions with companies with which Supervisory Board members are involved as a shareholder.

Transactions with key management personnel

The members of the Supervisory Board and the Executive Board are considered key management personnel.

The number of shares purchased by directors as per year-end can be specified as follows:

	2021	2020
G.G.P.M. van Beers	16,500	16,500
Balance at 31 December	**16,500**	**16,500**

The remuneration (including expenses) of the Supervisory Board members can be specified as follows:

AMOUNTS IN EUR	2021	2020
A. Goedée[1]	70,000	70,000
P.J. Gerretse[2]	45,792	45,404
C.A.J. van den Bosch[2]	45,639	45,531
P.E. Visser[3]	45,000	45,000
P.E. Wit[4]	45,000	45,000
	251,431	**250,935**

1. Member of the supervisory board as of 14 January 2016.
2. Member of the supervisory board as of 12 February 2016.
3. Member of the supervisory board on an ad interim basis as of 1 November 2017.
4. Member of the supervisory board as of 3 May 2018.

COMPENSATION OF THE CURRENT EXECUTIVE BOARD MEMBERS

AMOUNTS IN EUR	G.G.P.M. van Beers		L.A.M. Verweij *		B.J. Meijer **	
	2021	2020	2021	2020	2021	2020
Base salary	382,398	376,747	104,821	282,874	138,730	-
Employer´s pension contributions	22,706	21,281	24,491	41,312	12,428	-
Pension compensation	34,230	48,596	17,150	40,368	9,768	-
Annual bonus (accrual)	224,330	95,893	49,688	98,841	59,273	-
LTIP (accrual)	139,714	-	51,724	25,724	7,234	-
Termination fee	-	-	143,559	-	-	-
Other benefits (car lease, travel expenses and relocation expenses)	45,082	40,992	14,028	38,037	23,718	-
Social security and other payments	10,004	10,182	3,851	10,182	5,800	-
Total remuneration	**858,464**	**593,691**	**409,312**	**537,338**	**256,951**	**-**
Paid annual bonus in the year, earned over the previous year	192,117	80,370	117,431	78,573	-	-
Paid vested LTIP	-	-	51,724	25,724	-	-
Total actual paid variable remuneration	**192,117**	**80,370**	**169,155**	**104,297**	**-**	**-**

* Chief Financial Officer of the Group untill 12 May 2021

** Chief Financial Officer of the Group as of 12 May 2021

35 Service fees paid to external auditors

The total service fees of external auditors related to the financial year can be specified as follows:

AMOUNTS IN EUR '000	Ernst & Young Accountants LLP		Other	
	2021	2020	2021	2020
Audit of financial statements	302	260	-	-
Other assurance services	73	28	8	-
Total	**375**	**288**	**8**	**-**

36 Events after the reporting period

The current conflict between Russia and Ukraine could impact the global economy as a whole, and as a result we and the market we are operating in, face greater risks due to the international nature of the offshore wind industry, including the countries where we, our customers or our suppliers operate. The current impact is not completely foreseen but could result in potential issues, such as:

- instability of foreign governments, including the threat of war, military conflict (including the military conflict between Russia and the Ukraine), civil unrest, regime changes, mass migration and terrorist attacks;
- changes in, or uncertainty about, laws, regulations and policies affecting trade and investments including the imposition of trade and travel restrictions, government sanctions, local practices which favor local companies and constraints on investments.

We have no direct business with Ukraine nor Russia or Belarus, but we might see an indirect impact on our business, including price increases and inflation, as well as impact on our suppliers going forward. We remain alert for any impact on our business in the future. Currently, there is no material uncertainty with respect to the going concern evaluation

Separate statement of profit or loss for the year ended 31 December 2021

AMOUNTS IN EUR '000	Notes	2021		2020	
Management fee	40	1,942		1,635	
Total revenue			1,942		1,635
Indirect personnel expenses	41	1,929		1,669	
General expenses		(124)		468	
Operating profit			137		(502)
Finance costs		(555)		(480)	
Net finance costs			(555)		(480)
Profit before tax			(418)		(982)
Income tax expense	42		783		1,094
Result of participation in subsidiaries	44		11,214		7,173
Result of participation in joint ventures			11		(14)
Profit after tax			**11,590**		**7,271**

Separate statement of financial position as at 31 December 2021 (before profit appropriation)

AMOUNTS IN EUR '000	Notes	31-Dec-2021	31-Dec-2020
Assets			
Investments in subsidiaries and joint ventures	45	154,697	140,640
Other non-current financial assets - intercompany		195	195
Total non-current assets		154,892	140,835
Other current financial assets		0	15
VAT receivables		243	178
Prepayments		580	443
Cash and cash equivalents		228	193
Total current assets		1,051	829
Total assets		**155,943**	**141,664**

AMOUNTS IN EUR '000	Notes	31-Dec-2021	31-Dec-2020
Equity			
Share capital		5,100	5,100
Additional paid-in capital		1,059	1,059
Retained earnings		84,527	80,316
Result for the year		11,590	7,271
Total equity	46	102,276	93,746
Liabilities			
Trade payables		186	202
Intercompany accounts	47	50,224	47,035
Employee benefits - current		263	282
Wage tax and social security		60	113
CIT payable		2,463	100
Other current liabilities		471	186
Total current liabilities		53,667	47,918
Total liabilities		53,667	47,918
Total equity and liabilities		**155,943**	**141,664**

Notes to the separate financial statements for the year ended 31 December 2021

37 Reporting entity

Sif Holding N.V. (the 'Company') is a public limited liability company domiciled in the Netherlands. The Company's registered office is at Mijnheerkensweg 33, Roermond. The company is registered with the Netherlands Chamber of Commerce Business Register under number 13016026.

38 Basis of preparation

The separate financial statements (before profit appropriation) of Sif Holding N.V. have been prepared in accordance with the provisions of Part 9, Book 2, of the Netherlands Civil Code. The Company uses the option of Article 362.8 of Part 9, Book 2, of the Netherlands Civil Code to prepare the separate financial statements, using the same accounting policies as those used for the consolidated financial statements (we refer to note 3). The separate financial statements have therefore been prepared in accordance with the measurement and recognition requirements of the International Financial Reporting Standards as adopted by the European Union (EU-IFRS). Investments in subsidiaries are accounted for using the equity value. The separate financial statements are presented in EUR ('000), which is also the Company's functional currency, if not stated otherwise.

39 Significant accounting policies

The Group has consistently applied the accounting policies to all periods presented in these separate financial statements. For the principles of valuation of assets and liabilities and for the determination of the result, reference is made to the notes of the consolidated financial statements.

Taxes

The company is jointly and severally liable for the tax liabilities of the Dutch group companies forming part of the fiscal unity.

40 Management fee

The management fee contains the settlement of charges between Sif Holding N.V. and Sif Netherlands B.V. The management fee also includes compensation of the Executive Board and Supervisory Board.

41 Personnel expenses

Number of employees

The average number of employees employed by the Company in 2021 amounts to 2 FTE (2020: 2 FTE), which are the members of the Executive

42 Income tax

Reconciliation of effective tax rate

%	2021	2020
Tax using the Group's tax rate	24.8	24.7
Participation Exemption	(26.0)	(29.0)
Adjustment in tax rates due to correction tax incentives prior year	1.3	(7.6)
Reduction in tax rates due to tax incentives	(5.1)	(6.2)
Gain on bargain purchase	(3.1)	-
Non tax deductible expenses	0.7	0.4
Effective tax rate	**(7.2)**	**(17.7)**

The reductions in tax rates due to tax incentives mentioned in above table relates to a expected gain from the application of the innovation box. These results are partly related to previous years. The gain on bargain purchase relates to the gain resulting from the acquisition of KCI The Engineers B.V. Reference is made to note 6 for further information.

43 List of subsidiaries and joint ventures

Included in the separate financial statements are the following entities:

Name	Location	Share in issued capital %
Sif Property B.V.	Roermond	100
Sif Netherlands B.V.	Roermond	100
Sif Japan K.K.	Tokyo	95
Twinpark Sif B.V.[1]	Roermond	59,4
SBR Engineering GmbH	Siegen-Netphen	50
KCI The Engineers B.V.[2]	Schiedam	100

1 – Legally the Group holds 59,4% of the shares, but 60% in result appropriation.

2 – Acquired per 15 March 2021

As per 3 June 2020 Sif Japan K.K. has been incorporated. Sif Japan K.K. is involved in sales and market development in Japan. KCI The Engineers B.V. was acquired by the Group on 15 March 2021. See note 6 for further details. No further changes are applicable in investments in subsidiaries.

Sif Holding N.V. issued a guarantee as mentioned in Article 403, Part 9, Book 2 of the Netherlands Civil Code for its subsidiaries Sif Property B.V. and Sif Netherlands B.V. Furthermore Sif issued a parent company guarantee on behalf of Twinpark Sif BV.

44 Result of participation in subsidiaries

AMOUNTS IN EUR '000	2021	2020
Result in Sif Netherlands B.V.	17,322	11,376
Result in Sif Property B.V.	(5,561)	(4,659)
Result in Sif Japan K.K.	6	5
Result in KCI the Engineers B.V. *	(998)	-
Twinpark Sif B.V.	445	451
Result of participation in subsidiaries	**11,214**	**7,173**

* Result from 15 March 2021 to 31 December 2021

45 Investments in subsidiaries and joint ventures

AMOUNTS IN EUR '000	2021	2020
Sif Netherlands B.V.	168,008	150,686
Sif Property B.V.	(16,430)	(10,869)
Sif Japan K.K.	83	5
SBR Engineering GmbH	44	33
KCI the Engineers B.V.	1,762	0
Twinpark Sif B.V.	1,230	785
Investments in subsidiaries and joint ventures	**154,697**	**140,640**

The movement in the investment value of subsidiaries and joint ventures relates to the result for the year 2021 and the acquisition of KCI.

46 Equity

Below the statement of changes in equity for the year ended 31 December 2021:

AMOUNTS IN EUR '000	Share capital	Additional paid-in capital	Retained earnings	Result for the year	Total
Balance as at 1 January 2021	5,100	1,059	80,316	7,271	93,746
Appropriation of result	-	-	7,271	(7,271)	-
Total comprehensive income					
Profit for the year	-	-	-	11,590	11,590
Total comprehensive income	-	-	-	11,590	11,590
Transactions with owners of the Company					
Dividend distributions	-	-	(3,060)	-	(3,060)
Total transactions with owners of the Company	-	-	(3,060)	-	(3,060)
Balance as at 31 December 2021	**5,100**	**1,059**	**84,527**	**11,590**	**102,276**
Balance as at 1 January 2020	5,100	1,059	74,828	5,488	86,475
Appropriation of result	-	-	5,488	(5,488)	-
Total comprehensive income					
Profit for the year	-	-	-	7,271	7,271
Total comprehensive income	-	-	-	7,271	7,271
Balance at 31 December 2020	**5,100**	**1,059**	**80,316**	**7,271**	**93,746**

Share capital

On 14 January 2016, the authorised capital of the Group was increased to EUR 25 million, consisting of 125,000,000 shares with a nominal value of EUR 0.20 (20 eurocents) per share. The issued shares were converted into 25,501,356 shares, each having a nominal value of EUR 0.20 (20 eurocents per share). All ordinary shares rank equally with regard to the Company's residual assets.

Additional paid-in capital

The additional paid-in capital results from contributions in kind by the shareholder in relation to the issuance of loans as the transaction costs related to the issuance of additional loans were not passed on by the shareholder.

No differences are identified in the capital and paid-in capital for tax purposes.

Dividends

The following dividends were declared and settled by the Company during the year:

AMOUNTS IN EUR '000	2021	2020
Number of ordinary shares dividend eligible	25,501,356	25,501,356
Rounded dividend per ordinary share	0.12	-
Dividends declared and settled during the year	**3,060**	**-**

Sif's dividend policy is a payout of dividend in line with Sif's medium to long-term financial performance and targets, with the aim of increasing dividends-per-share over time. For 2022 the proposed dividend pay-out per share (to be approved by the shareholder) in a cash dividend amounts to €0,19 per share.

47 Intercompany accounts

AMOUNTS IN EUR '000	2021	2020
Intercompany payables (current liabilities)	(50,224)	(47,035)
	(50,224)	**(47,035)**
Intercompany account Sif Netherlands B.V.	(42,889)	(41,743)
Intercompany account Sif Property B.V.	(7,141)	(5,292)
	(50,224)	**(47,035)**

The intercompany accounts are free of interest and are frequently settled.

Amounts due from group companies

Amounts due from group companies are stated initially at fair value and subsequently at amortised cost. Amortised cost is determined using the effective interest rate. The company recognise a credit loss for financial assets (such as a loan) based on an expected credit loss (ECL) which will occur in the coming twelve months or – after a significant decrease in credit quality or when the simplified model can be used – based on the entire remaining loan term. For intercompany receivables the ECL would be applicable as well, however this could cause differences between equity in the consolidated and separate financial statements. For this reason, the company elected to eliminate these differences through the respective receivable account in the separate financial statements.

48 Related parties

Transactions with subsidiaries

During the year several transactions between Sif Holding N.V., Sif Netherlands B.V., Sif Property B.V. and KCI the Engineers B.V. took place. These transactions include compensation of the Executive Board and Supervisory Board. Transactions between Sif Holding N.V. and its subsidiaries takes place through the intercompany accounts. As per year-end the intercompany accounts amount to a liability to Sif Netherlands B.V. of approximately EUR 43.3 million (2020: EUR 41,7 million) and a liability to Sif Property B.V. of approximately EUR 7,1 million (2020: EUR 5,3 million).

Transactions with joint ventures

During the year, the Group received invoices for work performed by SBR Engineering GmbH for a total amount of EUR 180 (2020: EUR 167).

Transactions with key management personnel

Reference is made to note 34 of the consolidated financial statements for the overview of Executive Board remuneration. The annual bonus is based on pre-defined KPI's that may differ for each Executive Board member. Reference is made to the Remuneration Report for further details.

49 Events after the reporting period

The current conflict between Russia and Ukraine could impact the global economy as a whole, and as a result we and the market we are operating in, face greater risks due to the international nature of the offshore wind industry, including the countries where we, our customers or our suppliers operate. The current impact is not completely foreseen but could result in potential issues, such as:

- instability of foreign governments, including the threat of war, military conflict (including the military conflict between Russia and the Ukraine), civil unrest, regime changes, mass migration and terrorist attacks;
- changes in, or uncertainty about, laws, regulations and policies affecting trade and investments including the imposition of trade and travel restrictions, government sanctions, local practices which favor local companies and constraints on investments.

We have no direct business with Ukraine nor Russia or Belarus, but we might see an indirect impact on our business, including price increases and inflation, as well as impact on our suppliers going forward. We remain alert for any impact on our business in the future. Currently, there is no material uncertainty with respect to the going concern evaluation

Other Information

Articles of association related to profit appropriation

Article 34

34.1 Subject to Article 32.1, the profits shown in the Company's annual accounts in respect of a financial year shall be appropriated as follows, and in the following order of priority:

a. the Executive Board shall determine with the approval of the Supervisory Board which part of the profits shall be added to the Company's reserves; and

b. subject Article 29, any remaining profits shall be at the disposal of the General Meeting for distribution to the shareholders.

34.2 Without prejudice to Article 32.1, a distribution of profits shall be made after the adoption of the annual accounts that show that such distribution is allowed.

34.3 The Executive Board may resolve with the approval of the Supervisory Board to make interim distributions, provided that it appears from interim accounts to be prepared in accordance with Section 2:105(4) DCC that the requirement referred to in Article 32.1 has been met.

Corporate information

Corporate office
Sif Holding N.V.
Mijnheerkensweg 33,
6040 AM Roermond
The Netherlands
Tel. +31 475 385777
e-mail: info@sif-group.com

Trade register
Chamber of Commerce
Roermond, the Netherlands
Number 13016026

Legal form / Principal place of business
Naamloze vennootschap
Roermond
The Netherlands

Shareholder, clearing and settlement agent
Euroclear Nederland
Herengracht 459-469
1017 BS Amsterdam
The Netherlands

Listing and payment agent
ABN AMRO Bank NV
Gustav Mahlerlaan 10
1082 PP Amsterdam
The Netherlands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Independent auditor's report

To: the shareholders and Supervisory Board of Sif Holding N.V.

Report on the audit of the financial statements 2021 included in the annual report

Our opinion

We have audited the financial statements 2021 of Sif Holding N.V., based in Roermond, the Netherlands. The financial statements comprise the consolidated and the separate financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Sif Holding N.V., as at 31 December 2021 and of its result and its cash flows for 2021 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- The accompanying separate financial statements give a true and fair view of the financial position of Sif Holding N.V. as at 31 December 2021 and of its result for 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 December 2021.
- The following statements for the year ended 31 December 2021: the consolidated statements of profit or loss, and changes in equity and the consolidated cash flow statement.
- The notes comprising a summary of the significant accounting policies and other explanatory information.

The separate financial statements comprise:

- The separate statement of financial position as at 31 December 2021.
- The separate statement of profit or loss for the year ended 31 December 2021.
- The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

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

We are independent of Sif Holding N.V. (the company or the group) in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

Sif Holding N.V. is primarily involved in engineering and manufacturing of foundation piles for offshore wind farms and metal structures, parts of metal structures, pipes, pipe structures, and components for the offshore industry. The group is structured in components and we tailored our audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment.

We start by determining materiality and identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Materiality

Materiality	€ 1.800.000 (2020: € 1.800.000)
Benchmark applied	Around 1,6% of contribution (2020: 1,75%)
Explanation	Consistent with last year, we selected contribution to benchmark materiality as in our professional judgment, contribution is a key performance indicator and users of the financial statements focus on earnings based measures. Contribution is calculated as the total revenue minus the costs of raw materials, subcontracted work and other external charges and logistics and other project related expenses, as disclosed in the 'Key figures 2014-2021'.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of € 90.000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

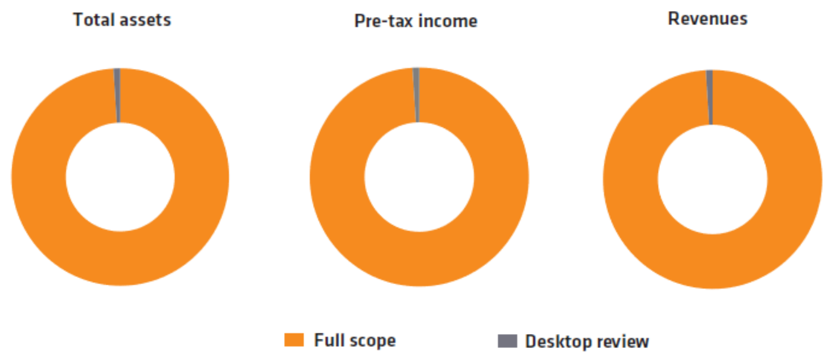
Scope of the group audit

Sif Holding N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on significant group entities, for which the majority of transactions is initiated, recorded, processed and reported within one organization. For all entities of the Sif group, except for KCI the Engineers B.V. and Sif Japan K.K., we performed the audit on the complete financial information (full scope). For KCI the Engineers B.V. and Sif Japan K.K., we performed analytical procedures (desktop review) to corroborate our assessment that there are no significant risks of material misstatement. The audit has been performed by one audit team.

In total these procedures represent 99% of the group's total assets, 99% of pre-tax income and 99% of revenues.



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

Teaming and use of specialists

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of a listed client in the offshore wind industry. We included specialists in the areas of IT audit, forensics, sustainability and income tax and have made use of our own experts in the areas of valuations.

Our focus on climate risks and the energy transition

Climate objectives will be high on the public agenda in the next decades. Issues such as CO2 reduction impact financial reporting, as these issues entail risks for the business operation, the valuation of assets ('stranded assets') and provisions or the sustainability of the business model and access to financial markets of companies with a larger CO2 footprint.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the possible effects of the energy transition are taken into account in estimates and significant assumptions. Furthermore, we read the management report and considered whether there is any material inconsistency between the non-financial information in the Operating and Financial Review section and the financial statements.

Our audit procedures to address the assessed climate-related risks and the possible effects of the energy transition did not result in a key audit matter.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.

Our audit response related to fraud risks

We identify and assess the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and the executive board's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes. We refer to the section Risk and risk-management of the management report for executive board's (fraud) risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct and whistle blower procedures. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in co-operation with our forensic specialists. We evaluated whether these factors indicate that a risk of material misstatement due fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

As in all of our audits, we addressed the risks related to management override of controls and when identifying and assessing fraud risks we presumed that there are risks of fraud in revenue recognition. These risks did however not require significant auditor's attention in addition to the following fraud risk identified during our audit:

Valuation of contract assets and liabilities (including management override / revenue recognition)	
Fraud risk	In our audit approach we considered that the fraud risk related to management override of controls and the presumed risk of revenue recognition would primarily impact the valuation of contract assets and liabilities and the related revenue recognition. Judgments and assumptions in this area represent a risk of material misstatement due to fraud.
Our audit approach	We described the audit procedures responsive to the fraud risk as aforementioned in the description of our audit approach for the key audit matter "Valuation of contract assets and liabilities (including management override and revenue recognition)".

We considered available information and made enquiries of relevant executives, directors and the supervisory board.

The fraud risk we identified, enquires and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations

We assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the executive board, reading minutes and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected the lawyers' letter and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern

As disclosed in section 'Going concern' in Note 2 of the financial statements and the 'Executive Board declaration' in the Operating and financial review section of the management report, the executive board made a specific assessment of the company's ability to continue as a going concern and to continue its operations for at least the next twelve months. We discussed and evaluated the specific assessment with the executive board exercising professional judgment and maintaining professional skepticism. We considered whether the executive board's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify serious doubts on the company's ability to continue as a going concern for the next twelve months. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matter to the supervisory board. The key audit matter is not a comprehensive reflection of all matters discussed.

In comparison with previous year, our key audit matters did not change.

Valuation of contract assets and liabilities (including revenue recognition)	
Risk	Revenues from construction contracts with customers and direct costs in relation to contract assets and liabilities are recognized over time. At each reporting date management assesses the progress towards the complete satisfaction of the performance obligations taking into consideration all aspects in order to finalize the projects in line with contractual agreements and relating contingencies, such as variable considerations and potential adjustments in the projected estimates. The progress towards complete satisfaction of the performance obligation over time is measured based on the actual hours incurred compared with the total estimated hours needed to complete the project. As circumstances and related significant assumptions by management change over time, fluctuations in the anticipated project result may occur. Revenue recognition based on satisfied performance obligations over time requires management to make a number of estimates and assumptions surrounding e.g. total expected labour hours, total estimated costs of completion, potential liquidated damages and (any) claims/contingencies. We considered the potential risk of management override of controls in connection with revenue recognition. The valuation of contract assets and liabilities (including revenue recognition) is therefore considered to be a key audit matter. Reference is made to Note 2, 3, 7 and 20 of the consolidated financial statements for the significant accounting policies and disclosures on revenue recognition.
Our audit approach	Our audit procedures included, amongst others, evaluating the appropriateness of the company's accounting policies related to the valuation of contract assets and liabilities including revenue recognition according to IFRS 15 "Revenue from contracts with customers" and whether the accounting policies have been applied consistently or whether changes, if any, are appropriate in the circumstances. In addition, we evaluated the design and implementation of internal controls related to the completeness, accuracy and timing of the revenue recognized. Furthermore, our audit procedures include among others: assessing contractual arrangements and reconciling total contract revenues to signed contracts, testing management's estimates of costs to fulfil a contract, total expected labour hours, the proper allocation of costs and actual labour hours to projects and the assessment of potential liquidated damages. We also performed counts at the production sites as per year-end to observe the progress towards the complete satisfaction of the performance obligation and performed procedures on management's assessment of expected profitability or losses on the projects and any claims/contingencies on projects. Furthermore, we performed a look back analysis to challenge prior years estimates and to validate whether assumptions and estimates made by management in prior periods supports the actual results of significant estimates. We also evaluated the adequacy of the disclosures provided by the company.
Key observations	We evaluated that the company's revenue recognition accounting policies were appropriately applied and disclosed in the financial statements. Furthermore, we have assessed that the revenue recognized including the related direct cost and the accompanying management assumptions and estimates are within an acceptable range.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

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

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code and as required by Sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code for the remuneration report.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and Section 2:135b sub-Section 7 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The executive board is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code. The executive board and the supervisory board are responsible for ensuring that the remuneration report is drawn up and published in accordance with Sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement

We were engaged by the supervisory board as auditor of Sif Holding N.V. as of the audit for the year 2007 and have operated as statutory auditor ever since that date. The company became an EU – public interest entity in 2016.

No prohibited non-audit services

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

European Single Electronic Reporting Format (ESEF)

Sif Holding N.V. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report, prepared in the XHTML format, including the partially marked-up consolidated financial statements, as included in the reporting package by Sif Holding N.V., complies in all material respects with the RTS on ESEF.

The executive board is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby the executive board combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

Our procedures, taking into account Alert 43 of the NBA (the Netherlands Institute of Chartered Accountants), included amongst others:

- obtaining an understanding of the company's financial reporting process, including the preparation of the reporting package
- obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files, has been prepared in accordance with the technical specifications as included in the RTS on ESEF
- examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

Description of responsibilities regarding the financial statements

Responsibilities of the executive board and the supervisory board for the financial statements

The executive board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the executive board is responsible for such internal control as the executive board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

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

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

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

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The 'Information in support of our opinion' section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive board
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

In this respect we also submit an additional report to the audit committee of the supervisory board in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Eindhoven, 17 March 2022

Ernst & Young Accountants LLP

J.R. Frentz

Assurance report of the independent auditor

To: the shareholders and supervisory board of Sif Holding N.V.

Our conclusion

We have performed a limited assurance engagement on selected indicators in the annual report for the year 2021 of Sif Holding N.V. at Roermond.

Based on our procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the selected indicators are not prepared, in all material respects, in accordance with the reporting criteria as included in the 'Reporting criteria' section of our report.

The selected indicators are as follows and included on the following pages of the annual report:
- Lost Time Injury Frequency (LTIF) (p.46)
- Carbon footprint (p.46)
- Involvement in projects that will result in installed renewable energy capacity (wind) in MW (p.46)

Basis for our conclusion

We have conducted our limited assurance engagement on the selected indicators in accordance with Dutch law, including Dutch Standard 3000A ''Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (attest-opdrachten)'' (Assurance engagements other than audits or reviews of historical financial information (attestation engagements)). Our responsibilities under this standard are further described in the 'Our responsibilities for the assurance engagement on the selected indicators' section of our report.

We are independent of Sif Holding N.V. in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence. This includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Reporting criteria

The selected indicators need to be read and understood together with the reporting criteria. Sif Holding N.V. is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

The reporting criteria used for the preparation of the selected indicators are the reporting criteria developed by Sif Holding N.V. and are disclosed in section Reporting criteria the annual report.

The absence of an established practice on which to draw, to evaluate and measure the selected indicators allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Unassured corresponding information

No assurance engagement has been performed on the selected indicators for the period 2014 up to 2020. Consequently, the corresponding selected indicators and thereto related disclosures for the period 2014 up to 2020 is not assured.

Limitations to the scope of our assurance engagement

Our assurance engagement is restricted to the selected indicators. We have not performed assurance procedures on any other information as included in the annual report in light of this engagement.

The selected indicators include prospective information such as ambitions, strategy, plans, expectations and estimates. Inherent to prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the selected indicators.

Our conclusion is not modified in respect to these matters.

Responsibilities of the management board and the supervisory board for the selected indicators

The management board is responsible for the preparation of reliable and adequate selected indicators in accordance with the reporting criteria as included in the 'Reporting criteria' section of our report. In this context, the management board is responsible for the identification of the intended users and the criteria being applicable for their purposes. The choices made by the management board regarding the scope of the selected indicators and the reporting policy are summarized in section 'Reporting Criteria' of the annual report.

Furthermore, the management board is responsible for such internal control as it determines is necessary to enable the preparation of the selected indicators that are free from material misstatement, whether due to fraud or errors.

The supervisory board is responsible for overseeing the reporting process of Sif Holding N.V.

Our responsibilities for the assurance engagement on the selected indicators

Our responsibility is to plan and perform our limited assurance engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed to determine the plausibility of information and vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is therefore substantially less than the assurance obtained in a reasonable assurance engagement.

We apply the "Nadere voorschriften kwaliteitssystemen" (NVKS, Regulations for Quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The procedures of our limited assurance engagement included amongst others:

- Performing an analysis of the external environment and obtaining an understanding of the sector, insight into relevant social themes and issues, relevant laws and regulations and the characteristics of the company as far as relevant to the selected indicators
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures on the selected indicators. This includes the evaluation of the reasonableness of estimates made by the management board
- Obtaining an understanding of the reporting processes for the selected indicators, including obtaining a general understanding of internal control relevant to our assurance engagement
- Identifying areas of the selected indicators with a higher risk of misleading or unbalanced information or material misstatements, whether due to fraud or errors. Designing and performing further assurance procedures aimed at determining the plausibility of the selected indicators responsive to this risk analysis. These further assurance procedures consisted amongst others of:
  - Interviewing relevant staff and management at corporate and business level responsible for the strategy, policy and results relating to the selected indicators
  - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the selected indicators
  - Obtaining assurance information that the selected indicators reconcile with underlying records of the company
  - Reviewing, on a limited test basis, relevant internal and external documentation
  - Performing an analytical review of the data and trends
- Evaluating the consistency of the selected indicators with the information in the annual report which is not included in the scope of our assurance engagement

Eindhoven, 17 March 2022

Ernst & Young Accountants LLP

A.B.E. Laan

Reporting Criteria

Lost Time Injury Frequency (LTIF)	Sif defines its Lost Time Injury Frequency (LTIF) as the number of Sif's permanent and flexible employees involved in reported injuries leading to absence from work (more than 1 lost working day, excluding the day of the injury) per million exposure hours. Reportable injuries are based on actual occurrences and are never extrapolated or estimated. Despite all measures and an open safety culture there is an inherent risk of incomplete accident reporting. Sif is partially dependent on information provided by the person involved in an accident. The exposure hours are registered actual hours in our system. The LTIF KPI refers to all reported cases.
CO_2 footprint	Sif reports its greenhouse gas emissions as CO_2 equivalent, considering other greenhouse gasses than CO_2. Sif calculates CO_2 emissions using conversion factors from CO2emissiefactoren.nl. Sif uses well-to-wheel emission factors. All conversion factors are reviewed annually and updated if necessary. Sif's reporting scope includes its direct CO_2 emissions (scope 1 emissions, from Sif's own sources), indirect CO_2 emissions from the generation of purchased electricity consumed by Sif (scope 2 emissions) and other GHG emissions related to activities not owned or controlled by SiF (scope 3 emission) for employee travel-. Activity data, mostly based on meter readings, invoices and data provided by suppliers, are used to calculate Sif's footprint. Where complete and accurate data are not available, SIf uses calculations or estimations using reliable methods and input data. The gross CO_2 emission is compensated to zero by the wind energy as generated by the Wind Turbine Generator on Sif's premises. Sif owns the related Guarantees of Origin.
Participation in projects that will result in installed renewable energy capacity	Sif reports its participation in projects that will result in installed renewable energy capacity in number of megawatts (MW) of wind turbine generator capacity that will be installed on a monopile completed by Sif. Sif measures completed monopiles by the number of monopiles with a completion certificate after production. The future installed renewable energy capacity per monopile is the estimated capacity of the wind turbine generator that will be installed on the respective monopile in MW. This estimated capacity is determined by the nameplate capacity (the intended full-load sustained output) of the respective wind farm and actual capacity may deviate from this.

Glossary and Explanation of non-IFRS financial measures

Contribution	Total revenue from contracts with customers minus cost of raw materials, subcontracted work and other external charges and logistic and other project related expenses.
EBITDA	Earnings before net finance costs, tax, depreciation and amortization. The company discloses EBITDA and Adjusted EBITDA as supplemental non-IFRS financial measures, as the company believes these are meaningful measures to evaluate the performance of the company's business activities over time. The company understands that these measures are used by analysts, rating agencies and investors in assessing the company's performance. The company also believes that the presentation of EBITDA or Adjusted EBITDA provide useful information to investors on the development of the company's business. EBITDA or Adjusted EBITDA are also used by the company as key financial measures to assess the operating performance of the operations.
Net earnings	Profit attributable to the shareholders
Earnings per share	Profit attributable to the shareholders divided by the average number of shares outstanding during the year under review
IPO	Initial Public Offering (of shares).
Net debt	Loans and borrowings minus cash and cash equivalents. Net debt is presented to express the financial strength of the company. The company understands that this measure is used by analysts, rating agencies and investors in assessing the company's performance
Adjusted EBITDA	EBITDA corrected for incidental expenses or income The company discloses EBITDA or Adjusted EBITDA as supplemental non-IFRS financial measures, as the company believes these are meaningful measures to evaluate the performance of the company's business activities over time. The company understands that these measures are used by analysts, rating agencies and investors in assessing the company's performance. The company also believes that the presentation of EBITDA or Adjusted EBITDA provide useful information to investors on the development of the company's business. EBITDA or Adjusted EBITDA are also used by the company as key financial measures to assess the operating performance of the operations.
Solvency	Equity/balance sheet total
EPIC	Engineering procurement installation and commissioning: A contractform including the engineering, the procurement, the installation and the commissioning of a building or other form of construction.
Executive Board	Board of Executive directors responsible for the day-to-day business at Sif. In 2021 comprised of CEO and CFO.
IEA	International energy agency.
Kton	Kilotons: A weight measurement used in the steel industry. One Kiloton equals one million kilograms.

Working capital	Inventories plus contract assets plus trade receivables plus current prepayments minus trade payables and contract liabilities) The company discloses working capital as a supplemental non-IFRS financial measure, as the company believes it is a meaningful measure to evaluate the company's ability to maintain a solid balance between growth, profitability and liquidity. Working capital is broadly analyzed and reviewed by analysts and investors in assessing the company's performance. This measure serves as a metric for how efficiently a company is operating and how financially stable it is in the short term. It is an important measure of a company's ability to pay off short term expenses or debts.
LCOE	Levelized costs of energy.
LTI	Lost Time Incidents.
LTIF	Lost Time Injury Frequency.
Order book	The total of signed contracts and contracts under exclusive negotiations.
Production capacity	The capacity of the plants operated by Sif Group: The theoretical capacity is 300 Kton for the combined Maasvlakte 2 and Roermond plants. Actual capacity is between 80 and 90% of theoretical maximum capacity.
ROACE	Earnings before interest and tax as a % of average equity plus loans and borrowings excluding lease-commitments minus cash
Sif Group	The group of companies that together establish the Sif Group: Also referred to as 'Company' or 'Sif'.
Sif Holding N.V.	The entity whose shares are listed on the stock exchange.

Appendix: Bridge from IFRS to Dutch-GAAP

Consolidated statement of profit or loss for the year ended 31 December 2021 (Bridge from IFRS to Dutch-GAAP)

AMOUNTS IN EUR '000	IFRS		Differences		Dutch GAAP*	
	2021				2021	
Revenue from contracts with customers		418,496		-		418,496
Operating lease income		4,045		-		4,045
Total revenue		422,541		-		422,541
Raw materials	160,311		-		160,311	
Subcontracted work and other external charges	126,090		-		126,090	
Logistic and other project related expenses	21,910		-		21,910	
Direct personnel expenses	32,213		-		32,213	
Production and general manufacturing expenses	11,238		98		11,336	
Indirect personnel expenses	20,208		-		20,208	
Depreciation and amortization	21,712		(5,020)		16,692	
Facilities, housing and maintenance	4,127		5,673		9,800	
Selling expenses	632		-		632	
General expenses	8,096		(184)		7,912	
Operating profit		16,004		(567)		15,437
Impairment losses on financial assets	16		(16)		-	
Finance costs	(2,352)		1,071		(1,281)	
Finance costs and impairment losses		(2,336)		1,055		(1,281)
Other income		1,345		(253)		1,092
Share of profit of joint ventures		82		-		82
Profit before tax		15,095		235		15,330
Income tax expense		3,208		(60)		3,148
Non-controlling interests		-		297		297
Profit after tax		**11,887**		**(2)**		**11,885**

* Reference is made to note Basis of preparation, as disclosed hereafter

Consolidated statement of financial position as at 31 December 2021 (before appropriation of result / Bridge from IFRS to Dutch-GAAP)

AMOUNTS IN EUR '000	31-Dec-2021 IFRS	Differences	31-Dec-2021 Dutch GAAP*
Assets			
Intangible fixed assets	477	-	477
Property, plant and equipment	107,612	-	107,612
Right-of-use assets	104,598	(104,598)	-
Investment property	425	-	425
Investments in joint ventures	115	-	115
Deferred tax assets	748	(260)	488
Total non-current assets	213,975	(104,858)	109,117
Inventories	612	-	612
Contract assets	12,944	1,348	14,292
Trade receivables	17,927	755	18,682
VAT receivables	50	-	50
Prepayments	2,472	9	2,481
Cash and cash equivalents	73,201	-	73,201
Total current assets	107,206	2,112	109,318
Total assets	**321,181**	**(102,746)**	**218,435**

AMOUNTS IN EUR '000	31-Dec-2021 IFRS	Differences	31-Dec-2021 Dutch GAAP*
Equity			
Share capital	5,100	-	5,100
Additional paid-in capital	1,059	-	1,059
Retained earnings	84,527	641	85,168
Result for the year	11,590	175	11,765
Equity attributable to shareholder	102,276	816	103,092
Non-controlling interests	821	-	821
Total equity	103,097	816	103,913
Liabilities			
Lease Liabilities	100,573	(100,573)	-
Employee benefits	416	-	416
Other non-current liabilities	1,407	2,044	3,451
Total non-current liabilities	102,396	(98,529)	3,867
Lease Liabilities	5,110	(5,110)	-
Trade payables	62,082	-	62,082
Contract Liabilities	37,713	-	37,713
Employee benefits	2,460	-	2,460
Wage tax and social sec.	791	-	791
CIT payable	2,081	-	2,081
Other current liabilities	5,451	77	5,528
Total current liabilities	115,688	(5,033)	110,655
Total liabilities	218,084	(103,562)	114,522
Total equity and liabilities	**321,181**	**(102,746)**	**218,435**

* Reference is made to note Basis of preparation, as disclosed hereafter

Notes to the bridge from IFRS to Dutch GAAP accounting principles

Basis of preparation

The Bridge from IFRS to Dutch GAAP ('Bridge') consist of the consolidated statement of profit- and loss and the consolidated statement of financial position. Within both statements a bridge is included from the statutory financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code and statements prepared in accordance with measurement and recognition principles included in Title 9 of Book 2 of the Netherlands Civil Code and the accounting policies selected and disclosed below.

The Bridge has been prepared to facilitate comparability of the financial position and results of Sif Holding N.V. to financial position and results of competitors that are not preparing their financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code. The Bridge within the statements and the related notes therefore reflects the main differences in accounting, as compared to the statutory (consolidated) financial statements of Sif Holding N.V. (the company) for the year ended 31 December 2021. Users of the Bridge determine whether and how these are taken into account when evaluating the performance and financial position of the company.

The Bridge has been prepared in accordance with the measurement and recognition principles of section 9 of Book 2 of the Netherlands Civil Code, applying the accounting principles as adopted in the statutory (consolidated) financial statements, except for the accounting policies stated below and outlined in column 'Differences' in the Bridge.

The net equity impact of the Bridge differences of prior year is presented as an impact on retained earnings.

Leasing

Assessing whether an agreement contains a lease is based on the substance at the inception date of the agreement. The agreement is regarded as a lease if the fulfillment of the agreement depends on the use of a specific asset, or on whether the lease contains the right of use of a specific asset.

The group as lessee

Under finance leases (where all or part of the risks and rewards of ownership of the lease is transferred to the lessee), at the inception of the lease, the leased asset and related liability are carried at the fair value of the leased asset at the inception of the lease or at the present value of the minimum lease payments, whichever is lower. The leased asset is initially recognized including the initial direct costs incurred by the lessee. Lease payments are apportioned between the interest expense and repayment of the remaining balance of the liability, with the remaining balance of the net liability bearing a constant rate of interest.

The capitalized leased asset is depreciated over the shorter of the term of the lease and the useful economic life of the property, if there is no reasonable certainty as to whether ownership of the property is transferred to the lessee at the end of the term of the lease.

Under operating leases, the lease payments are charged to the income statement on a straight-line basis over the term of the lease.

As a result of this accounting treatment, a difference is visible in the consolidated profit or loss statement between depreciation and amortization EUR 5,020 and production and general manufacturing EUR 98, facilities, housing and maintenance EUR 5,673 and general expenses EUR 185. In addition, financing costs EUR 1,071 and a deferred tax asset of EUR 748 is adjusted in the column difference. The off-balance reporting of operational leases resulted in a difference of EUR 104,598 for the right of use assets, EUR 100,573 lower non-current lease liabilities, respectively EUR 2,044 and EUR 77 higher lease incentive as part of the other non-current and other current liabilities and EUR 5,110 lower current lease liability.

Impairment of financial assets

The group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, the amount of the impairment loss is determined and recognized in the income statement for all categories of financial assets carried at amortized cost.

The amount of impairment losses on financial assets carried at (amortized) cost is calculated as the difference between the carrying amount of the asset and the best possible estimate of the future cash flows, discounted at the effective rate of interest of the financial instrument determined on the initial recognition of the instrument. If the decrease in impairment relates to an objective event occurring after the impairment was recognized, a previously recognized impairment loss is reversed to a maximum of the amount required to carry the asset at (amortized cost) at the time of the reversal if no impairment had taken place. The impairment loss reversal should be recognized in the income statement. The carrying amount of the receivables is reduced through the use of an allowance account.

Basis for consolidation

Non-controlling interests are presented separately in the consolidated financial statements. Non-controlling interests in group companies are part of group equity. Non-controlling interests in the income statement of group companies are deducted from result after tax.

Independent auditor's report

To: the executive board of Sif Holding N.V.

Our opinion

We have audited the 'Appendix': Bridge from IFRS to Dutch-GAAP (hereafter: 'the Bridge') for the year ended 31 December 2021 of Sif Holding N.V. based in Roermond, the Netherlands.

In our opinion the accompanying Bridge for the year ended 31 December 2021 of Sif Holding N.V. is prepared, in all material respects, in accordance with the accounting policies selected and disclosed by the entity, as set out in section 'Basis of Preparation' of the notes to the Bridge.

The Bridge comprises:

1. The Consolidated statement of profit or loss for the year ended 31 December 2021 (Bridge from IFRS to Dutch-GAAP)
2. Consolidated statement of financial position as at 31 December 2021 (before appropriation of result / Bridge from IFRS to Dutch-GAAP)
3. Notes to the bridge from IFRS to Dutch GAAP accounting principles

Reference is made to page 142 of the annual report for our auditor's report on the statutory financial statements of Sif Holding N.V.

Basis for our opinion

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

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

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

Emphasis of the basis of accounting and restriction on use

We draw attention to note 'Basis of Preparation' of the Bridge, which describes the basis of accounting. The Bridge has been prepared to facilitate comparability of the financial position and results of Sif Holding N.V. to the financial position and results of competitors that are not preparing their financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code. The Bridge reflects the main differences in accounting, as compared to the statutory (consolidated) financial statements of Sif Holding N.V. for the year ended 31 December 2021. As a result, the Bridge may not be suitable for another purpose. Therefore, our auditor's report is intended solely for Sif Holding N.V. and external parties that would like to compare the financial position and results on a deviating accounting standard than International Financial Reporting Standards as adopted by the European Union (EU-IFRS). Users of the Bridge determine whether and how these are taken into account when evaluating the performance and financial position of the company. Our opinion is not modified in respect of this matter.

Responsibilities of the executive board and the supervisory board for the Bridge

The executive board is responsible for the preparation of the Bridge in accordance with the accounting policies selected and disclosed by the entity, as set out in section ‘Basis of preparation’ of the notes to the Bridge and for determining that the selected accounting policies are acceptable in the circumstances. Furthermore, the executive board is responsible for such internal control as the executive board determines is necessary to enable the preparation of the Bridge that is free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing the company’s financial reporting process.

Our responsibilities for the audit of the Bridge

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

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

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

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the Bridge, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- evaluating the overall presentation, structure and content of the Bridge, including the disclosures; and
- evaluating whether the Bridge represents the underlying transactions and events free from material misstatement.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Eindhoven, 17 March 2022

Ernst & Young Accountants LLP

J.R. Frentz

Sif

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