Integrated Annual Report 2020

Financial-Social-Environmental Performance of Sif Holding N.V.

Sif OFFSHORE FOUNDATIONS

This document is the PDF/printed version of the 2020 Annual Report of Sif Holding N.V. and has been prepared for ease of use. The 2020 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-2020/ and includes a readable XHMTL version of the 2020 Annual Report. In any case of discrepancies between this PDF version and the ESEF package, the latter prevails

Highlights 2020

TRIF 9.93	Net CO-2 emission 0	Successful application of SKY- box on Borssele V project	Successful deliveries for Borssele 1-5, Triton Knoll, Akita-Noshiro offshore wind projects to include 2,000th monopile manufactured by Sif	Contract-wins for Dogger Bank A & B, Hollandse Kust Noord
(19.1 in 2019)	(3,990 ton in 2019)			

Financial performance

Revenue	EBITDA	Profit attributable to the shareholders	Dividend proposal	ROACE	Order book for 2021
€335.4	€31.8	€7.3	€0.12	18.9%	185
million	million	million	per share		Kton
€ 101.6 million contribution	EBIT €11.4 million	€0.29 per share	Pay-out 42.1%	EBIT as % of average equity, loans and bor-rowings excluding lease-liabilities minus cash	250 Kton for 2022 and 2023

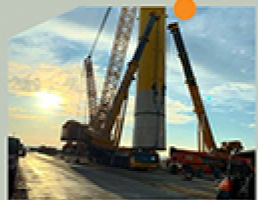
2020

january | february | march | april | may | june | july | august | september | october | november | december

March
Delivery of 2000th monopile

March
Contract win for first Japanese project Akita-Noshiro

Project deliveries for Borssele 1-5 and Triton Knoll



May
Marshalling contract with Siemens

May
Slip-joint installation on Borssele 5 project

November
Contract wins for Dogger Bank A&B

December
Contract win for Hollandse Kust Noord

December
Project deliveries for Saint Nazaire and Akita-Noshiro

Sif

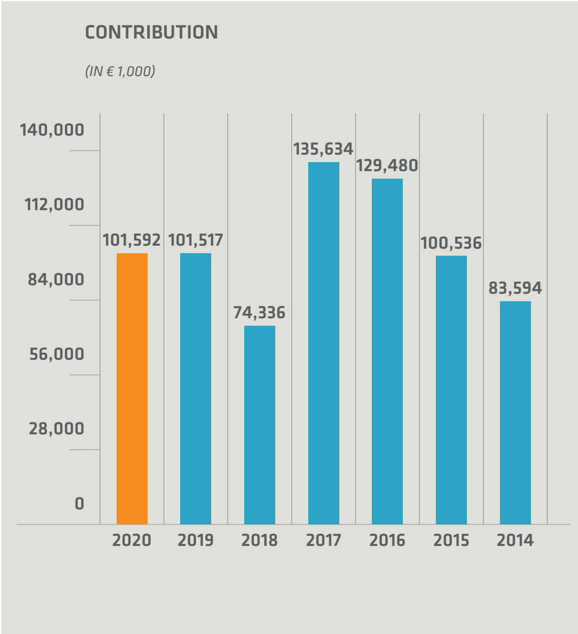
Key figures 2014 – 2020

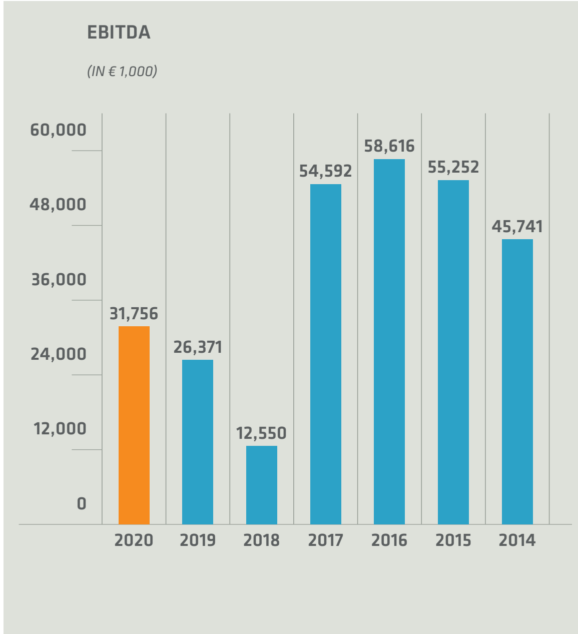
X € 1,000	2020	2019	2018	2017	2016	2015	2014	Definition of non-IFRS measures
Revenue	335,433	325,600	235,140	327,180	400,318	321,343	262,523	Total revenue from contracts with customers
Contribution	101,592	101,517	74,336	135,634	129,480	100,536	83,594	Total revenue minus cost of raw materials, subcontracted work, other external charges, logistic and other project related expenses
EBITDA	31,756	26,371	12,550	54,592	58,616	55,252	45,741	Earnings before net finance costs, tax, depreciation and amortization
EBITDA (ex IFRS 16)	25,189	22,038	12,550	54,592	58,616	55,252	45,741	EBITDA excluding Bridge impact on Production and general manufacturing expenses, Facilities, housing and maintenance and General expenses
EBIT	11,408	9,164	-1,132	41,439	49,932	48,266	38,350	Earnings before net finance costs and tax
Net earnings	7,271	5,488	-2,051	30,760	37,365	35,628	27,995	Profit attributable to the shareholders
Net cash from operating activities	34,336	30,853	5,548	53,886	52,887	25,421	33,570	
Net cash from investing activities	-4,927	-14,485	-3,218	-27,587	-67,962	-16,421	-39,523	
Net increase/(decrease) in cash and cash equivalents	1,066	1,074	-372	573	-28,429	3,740	-10,954	
Depreciation and amortization	20,348	17,207	13,682	13,153	8,684	6,986	7,391	
Net debt	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)	-2,645	21,293	30,377	25,107	41,969	26,894	11,434	Net debt excluding lease liabilties
Net working capital	-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

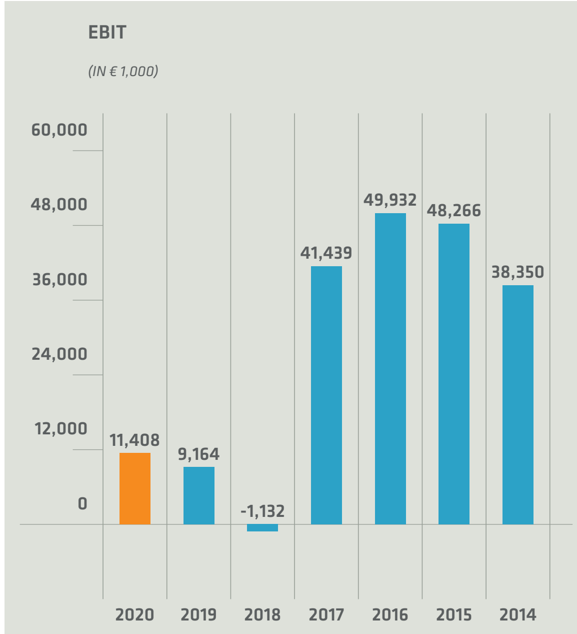
Contribution is an important KPI since it excludes pass-through expenses. Together with production in Kton and EBIT it indicates the quality of Sif's performance in any reporting period.

Key figures 2014 – 2020

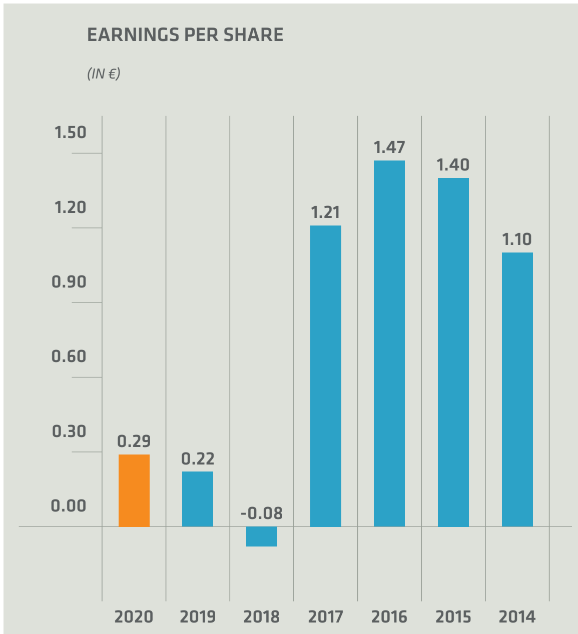
	2020	2019	2018	2017	2016	2015	2014	Definition of non-IFRS measures
IN KTON								
Production	164	185	138	232	191	150	133	
PER SHARE X €								
Earnings	0.29	0.22	-0.08	1.21	1.47	1.40	1.10	Profit attributable to the shareholders divided by the average number of shares outstanding during the year under review
Dividend	0.12	0	0.10	0.30	0.37	0.94	1.28	2020 subject to AGM approval
Number of shares issued	25,501,356	25,501,356	25,501,356	25,501,356	25,501,356	25,501,356	25,501,356	
RATIOS %								
ROACE	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	39.0	35.6	43.6	45.6	34.8	16.2	43.6	Total equity/balance sheet total
Solvency (ex IFRS 16)	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	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)	50.0	47.2	n/a	n/a	n/a	n/a	n/a	
Net debt/(normalized)EBITDA	n/a	n/a	2.33	0.4	0.7	0.5	0.2	
Cash flow cover	n/a	n/a	3.02	29.4	3	10.3	4.2	
NON-FINANCIAL KPI'S								
TRIF per mln manhours	9.93	19.10	15.59	15.65	9.43	11.98	17.39	
Sickness leave %	5.50	6.59	7.24	4.46	4.00	4.02	4.77	
Gross CO2 footprint in tonnes	3,157	4,392	5,866	16,643	9,849	na	na	
Net CO2 footprint in tonnes	0	3,990	2,432	16,643	9,849	na	na	

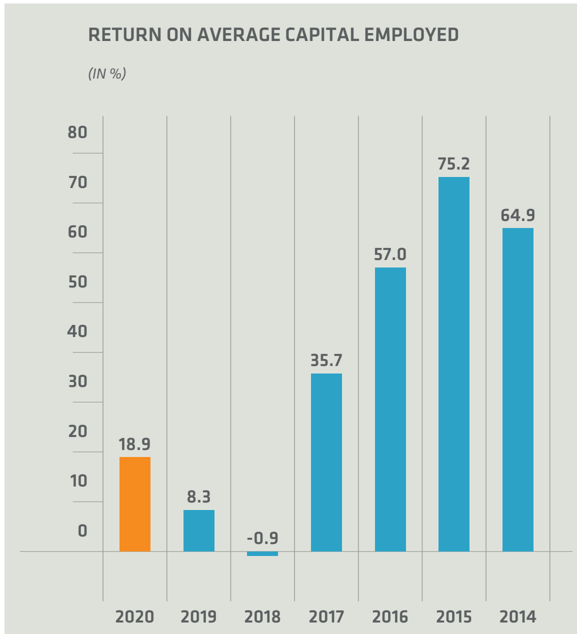

CONTRIBUTION
(IN € 1,000)
140,000
112,000
84,000
56,000
28,000
0
101,592
101,517
74,336
135,634
129,480
100,536
83,594
2020
2019
2018
2017
2016
2015
2014

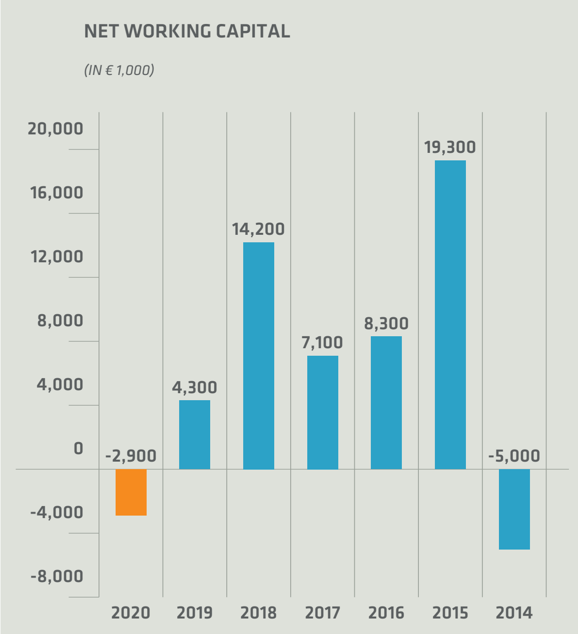

EBITDA
(IN € 1,000)
60,000
48,000
36,000
24,000
12,000
0
31,756
26,371
12,550
54,592
58,616
55,252
45,741
2020
2019
2018
2017
2016
2015
2014

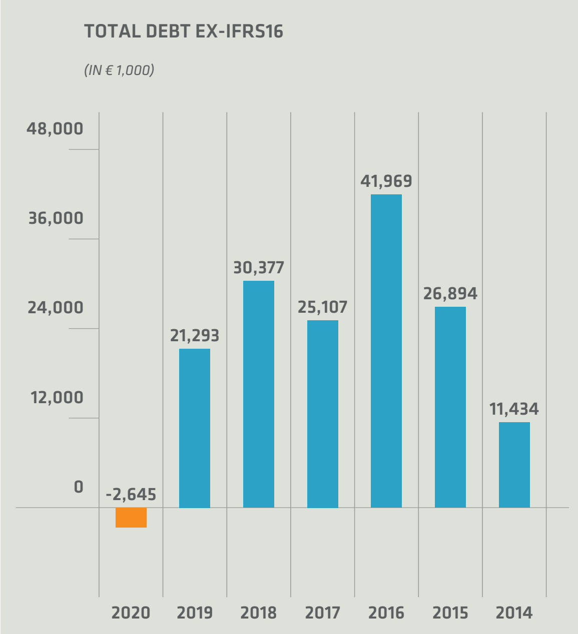

EBIT
(IN € 1,000)
60,000
48,000
36,000
24,000
12,000
0
11,408
9,164
-1,132
41,439
49,932
48,266
38,350
2020
2019
2018
2017
2016
2015
2014

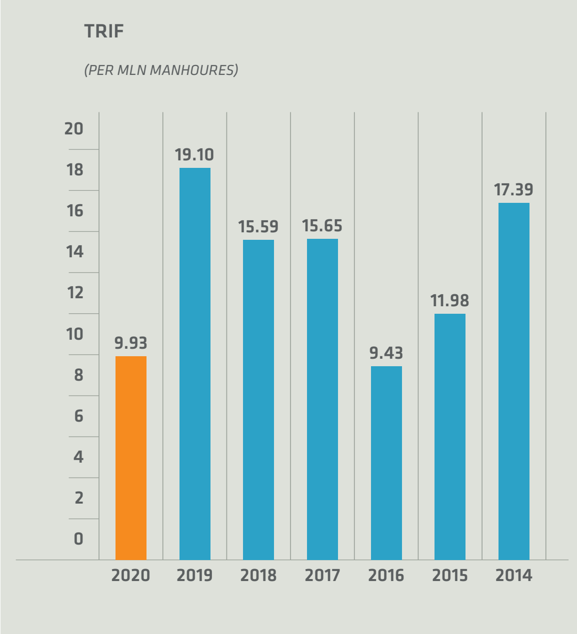

NET EARNINGS
(IN € 1,000)
40,000
32,000
24,000
16,000
8,000
0
7,271
5,488
-2,051
30,760
37,365
35,628
27,995
2020
2019
2018
2017
2016
2015
2014

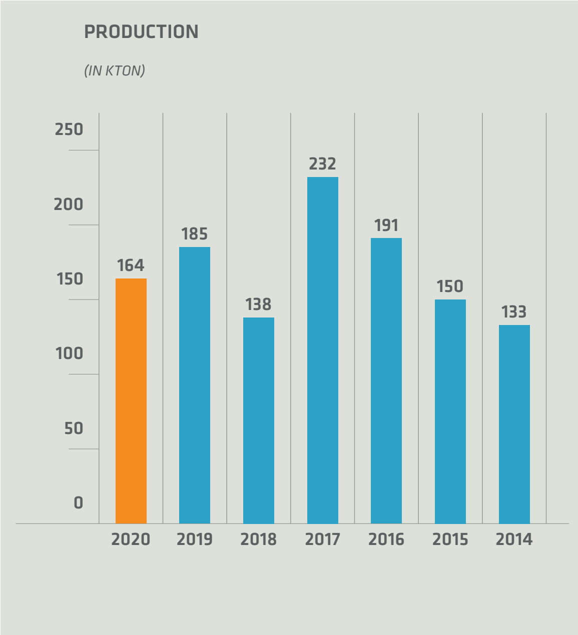

EARNINGS PER SHARE
(IN €)
1.50
1.20
0.90
0.60
0.30
0.00
0.29
0.22
-0.08
1.21
1.47
1.40
1.10
2020
2019
2018
2017
2016
2015
2014

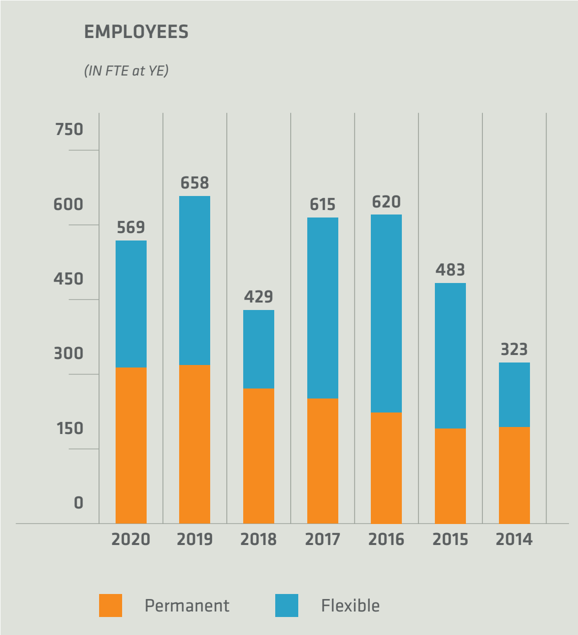

RETURN ON AVERAGE CAPITAL EMPLOYED
(IN %)
80
70
60
50
40
30
20
10
0
18.9
8.3
-0.9
35.7
57.0
75.2
64.9
2020
2019
2018
2017
2016
2015
2014


NET WORKING CAPITAL
(IN € 1,000)
20,000
16,000
12,000
8,000
4,000
0
-4,000
-8,000
-2,900
4,300
14,200
7,100
8,300
19,300
-5,000
2020
2019
2018
2017
2016
2015
2014


TOTAL DEBT EX-IFRS16
(IN € 1,000)
48,000
36,000
24,000
12,000
0
-2,645
21,293
30,377
25,107
41,969
26,894
11,434
2020
2019
2018
2017
2016
2015
2014


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


PRODUCTION
(IN KTON)
250
200
150
100
50
0
164
185
138
232
191
150
133
2020
2019
2018
2017
2016
2015
2014


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

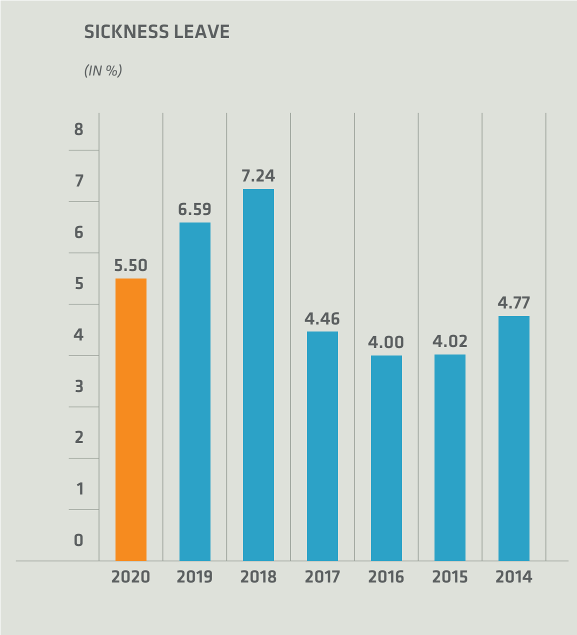
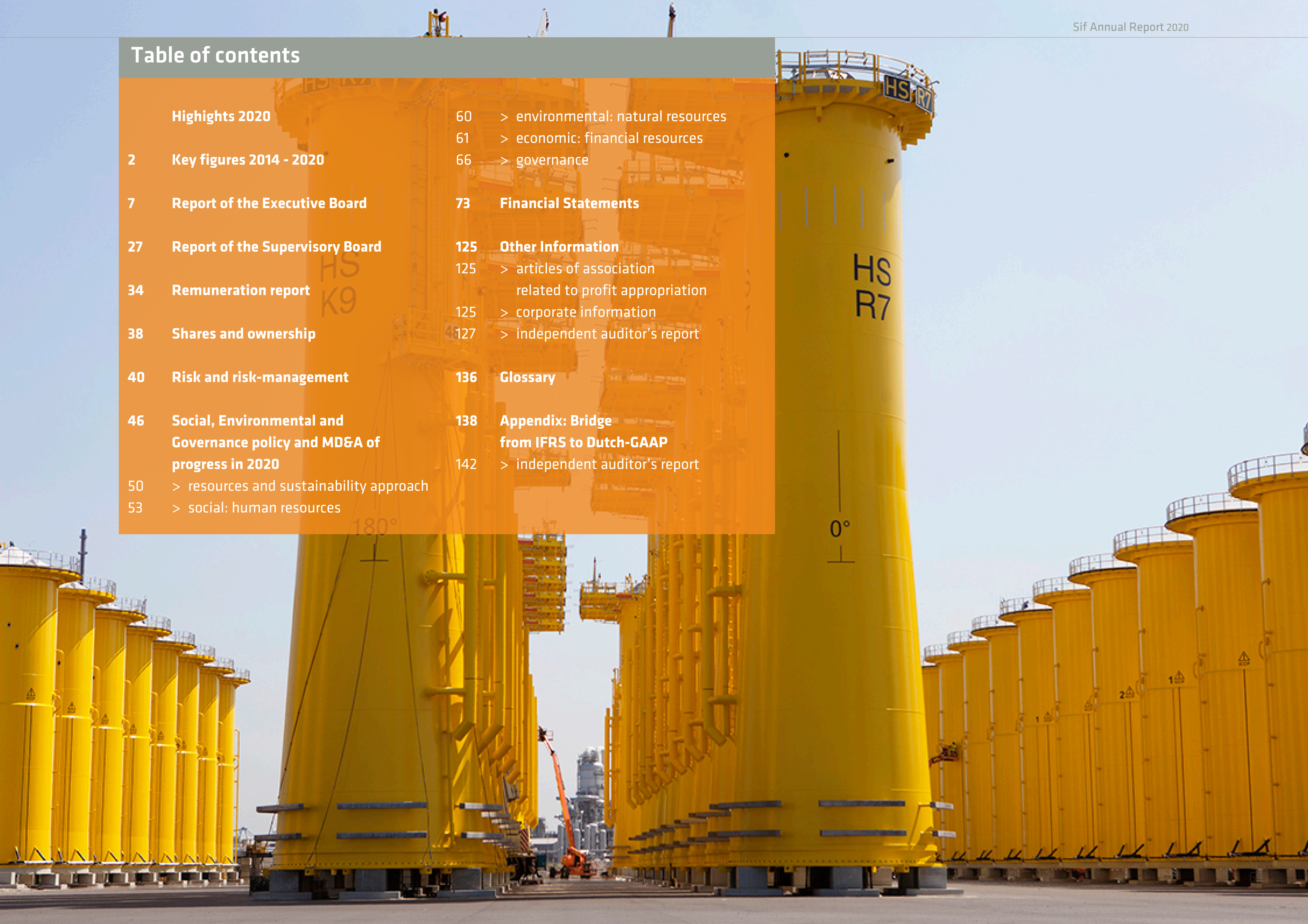

SICKNESS LEAVE
(IN %)
8
7
6
5
4
3
2
1
0
5.50
6.59
7.24
4.46
4.00
4.02
4.77
2020
2019
2018
2017
2016
2015
2014

Table of contents



Report of the Executive Board

Introduction by the CEO

Dear Reader,

The gamechanging year 2020

Apart from the far-reaching impact of the pandemic, 2020 saw the sense of urgency to rapidly reduce the global CO2 footprint gain broader and more tangible momentum. Europe took a bold step by committing to its Green Deal. Many countries in Asia have placed renewable energy higher up the agenda. The change of leadership following the 2020 elections in the United States resulted in a firm commitment to invest in renewable energy.

At Sif, we responded pro-actively to the overwhelming effects of COVID-19. With the exception of work for the Oil & Gas industry, the crisis did not impact our order book and order intake. This meant we could focus fully on measures to prevent the transmission of COVID-19 within our organization as much as possible. While this led to some inconveniences in our production, the bottom-line overall impact on our operations has been relatively small and we even met our lower sickness absence targets. All in all, we were able to stick to our plan and successfully implement initiatives for improving our internal efficiency without any need for COVID19-related government loans or subsidies.

There are high ambitions as a result of the Green Deal in Offshore Wind energy. We see this reflected in the increase in tenders for mid-term to long-term projects in Europe, the United States and Japan. The release and announcement of next-generation wind turbines from GE, Vestas and SiemensGamesa in the 14-16 MW range and the fact that monopiles will remain the foundation of choice are leading to notable demand for more and larger sized monopiles.

‘The supply and demand balance will be tight from 2021 onwards’

While the first positive results of our efficiency improvement program became apparent in late 2020, we decided to launch a fundamental research project to ascertain what the future design and production footprint of Sif should be, given the obvious mid-term to long-term demand for Offshore Wind monopile foundations. Recent projects have strengthened our belief that combining design and production engineering provides benefits. The intended acquisition of 'KCI the engineers' gives Sif a strong knowledge base of design engineering competences on structural aspects of both bottom fixed foundations and substations and future alternatives such as floating foundations. Combining design and production engineering will also help us optimize present and next generation monopiles needed for the 14 plus MW platforms now offered to the market. Past investments in increasing diameters have taught us that we cannot automatically assume that a further increase in diameter can be achieved in an economically viable manner. The dimensions and loads currently incurred by our production and logistics equipment have become excessive and come at a serious cost. This is why, with the assistance of external experts on production technology and processes, we are undertaking this extensive research project. Pending the outcome and conclusions, expected in the spring of 2021, we maintain focused on offering and producing monopiles of up to 9 meters in diameter.
With an order book until mid-2023 for monopiles and transition pieces for projects involving less than nine-meter diameters, we have created sufficient leeway to thoroughly study the results of our research project and take the necessary actions to prepare for bigger diameters.

'We are shaping tomorrow while performing today'

Partially due to the pandemic, the market for Oil & Gas (O&G) products all but dried up in 2020. Given that the long-term outlook is not positive either, we have decided to transfer our direct and indirect workforce from this division to the Offshore Wind business and to focus on foundations and pin pile products for the Offshore Wind market. Depending on the results of our production research program, we will decide on the destination of the Oil & Gas production lines.

Being more or less 100% active in the renewable energy business, Sif has decided to take a more visible approach with respect to the "E" section of our Environmental Social Governance (ESG) ambitions. While environmental aspects have been covered in our previous annual reports, we are focusing more explicitly in this year's report on our ESG targets and the progress being made towards achieving them.

Results

Safety and CO2 footprint, in addition to sickness leave and financial ratios, are our main performance indicators. Our main safety KPI – Total Recordable Injury Frequency Rate (TRIF) – did improve to below target but unfortunately not as much as planned for during the year under review.

The CO2 footprint is negative when the compensation generated by the wind turbine on our own premises is taken into consideration. The target is, however, to realize a 50% uncompensated reduction by 2030 and a neutral gross CO2 footprint preferably by 2040 but certainly not later than by 2050.

'We aim at an uncompensated Carbon Dioxide-neutral production by 2040'

The withdrawal of the Vineyard Wind project in the United States from our order book was a setback. It was scheduled to go into production in the first quarter of 2020. This required Sif to acquire replacement projects to fill the vacant production capacity. Closing the Akita Noshiro contract in Japan and moving forward the execution of the Saint Nazaire order, partially filled this vacant capacity. Despite the effects of COVID-19 and underutilization, our interim results presented in August were such that we could maintain the EBITDA forecast, even with lower production in tons. The ultimate EBITDA amounts to € 31.757 million. In line with our policy, a proposal to distribute a dividend of € 0.12 per share will be submitted to the General Meeting of Shareholders

Personnel changes

Sif has a two-tier board structure comprising a two-member Executive Board and a five-member Supervisory Board. All the members of the two boards are appointed for a term of four years. In 2020, Peter Gerretse resigned as a member of the Supervisory Board and was reappointed during the General Meeting of Shareholders. There is not a resigning member of the Supervisory Board in 2021. Two members of the Supervisory Board will resign in 2022 and Sif will endeavor at that time to bring the composition of the board into line with the future legal requirements on diversity.

Our agenda for 2021 and outlook

Assuring a safe and healthy environment for our employees is and will remain the most important topic in all we do. The availability of vaccines gives hope that the end of the pandemic is near and the coronavirus can be contained. However, we need to stay vigilant on not running into a new outbreak. Our orderbook for wind foundations for 2021 is filled primarily with Hollandse Kust Zuid and Dogger Bank A. We do not foresee any substantial projects for Oil & Gas. We expect this to result in an estimated production of almost 185 Kton or 200 monopiles and 65 transition pieces. The offshore wind industry is still young and dynamic. Innovations remain key to the entire industry and will continue to feature high on Sif's management agenda. A large part of the management's attention will consequently be focused on the outcomes and implementation of the conclusions of our research-project on the future production footprint. In addition, we will obviously prepare ourselves for the delivery of the orderbook for 2022/23 that contains Dogger Bank B and Hollandse Kust Noord.

In closing: it's all about people

We wish to thank all Sif's clients, vendors and employees for their loyalty to the company during the challenging year 2020. In particular, we want to thank our employees and subcontractors for their continued commitment throughout the pandemic during which they have been faced with far-reaching safety measures that make their work more complicated. Many of them live outside of the Netherlands, which often led to additional uncertainty and difficulties. Their actions and adaption to the ever-changing COVID19 rules demonstrate a high level of commitment and dedication to this company.

Fred van Beers, CEO

Roermond, 11 March 2021

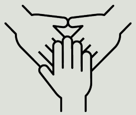
Vision, Mission, Core Values and Company Profile

Vision
We want to accelerate the growth of Offshore Wind power generation as a key driver to the world's energy transition.

Mission
We strive to be the best monopile solution provider through innovation, engineering and excellent manufacturing with full commitment to the environment and our employees' well-being.

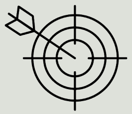
Core Values
The 'Sif spirit' is based on three core values that unite us. These give direction to everything that we do, every day.

SIF'S CORE VALUES



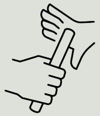
Teamwork

The 'we' of Sif is super-strong both internally and externally. That is important, as we are a vital component in the wider chain providing wind energy. We help one another in achieving a common, higher objective.



Focus on results

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

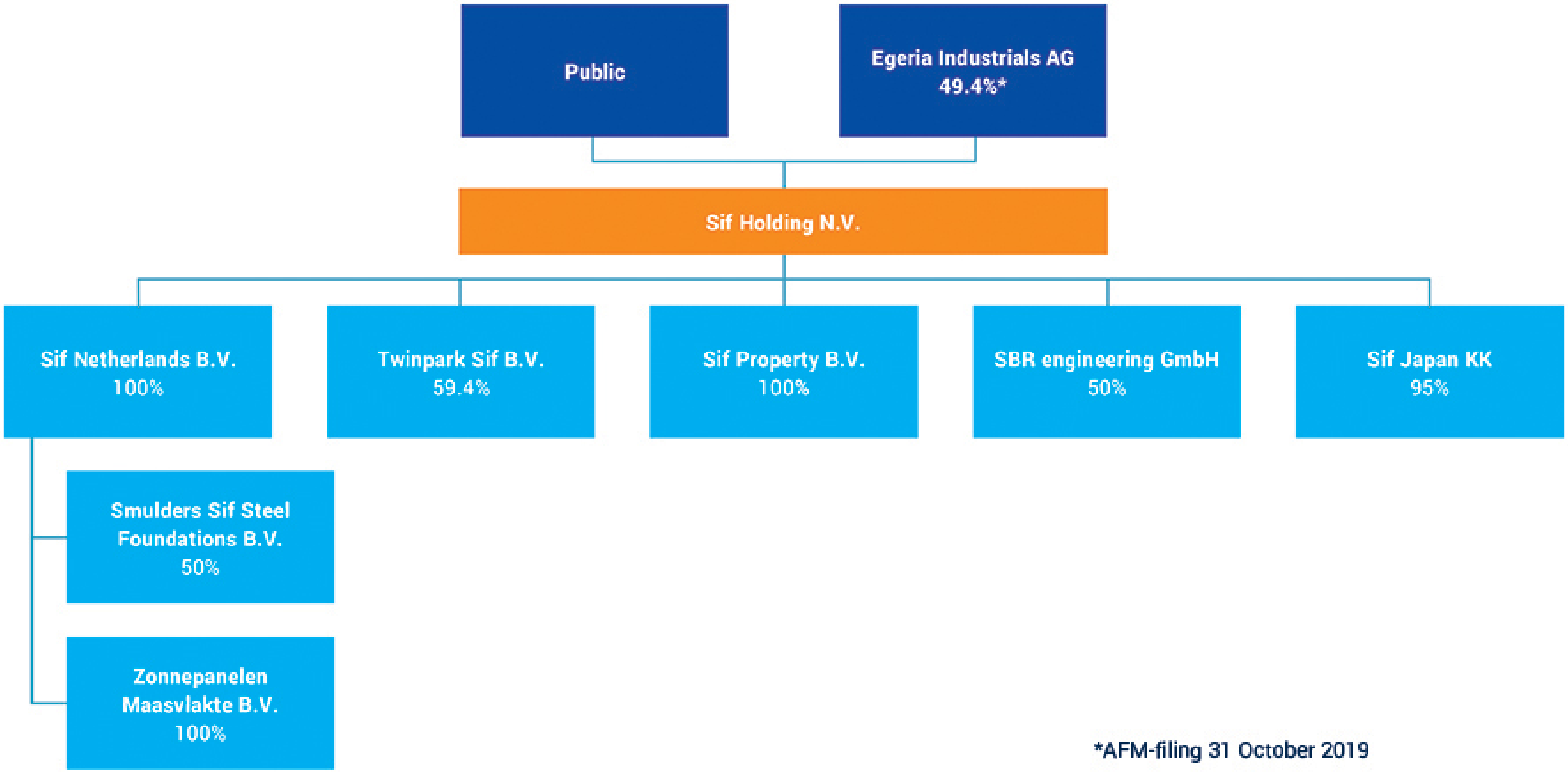


Ownership

Another word for commitment and responsibility. This starts with clarity about who does what and 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 was founded in 1948 and is a project-oriented manufacturing company employing 569 full- time equivalents at year- end 2020, realizing revenues of € 335 million. We are a leading provider of mission-critical tubular steel foundations to the offshore energy markets. To support our main services, we participate in SSSF B.V. for the supply of monopiles and transition pieces, in SBR Engineering GmbH for the development of special purpose welding equipment and in Twinpark SIF B.V. for the exploitation of the 12 MW GE Haliade X wind turbine. While Sif traditionally serves the North-Western European markets, we consider the Offshore Wind market as an increasingly global market. Our sales office in Tokio is a first step illustrating Sif is gradually developing its global presence.

SIF GROUP LEGAL ORGANIZATION STRUCTURE



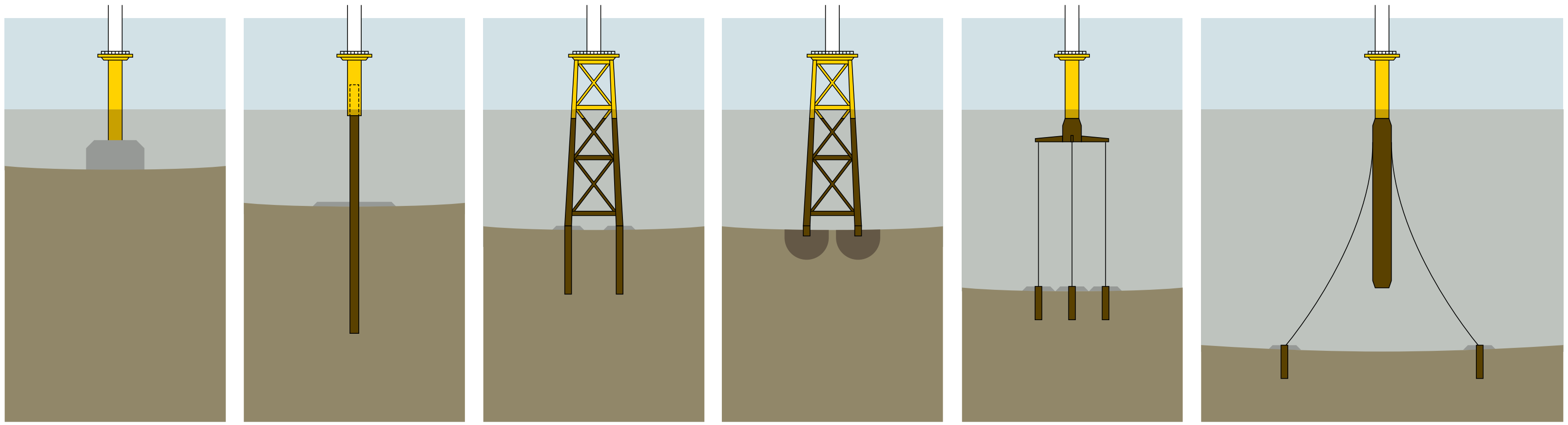
Markets

Sif serves the global Offshore Wind energy markets. In the first half of 2020, global grid-connected Offshore Wind power increased to almost 30GW (source: World Forum Offshore's H1 2020 Global Offshore Energy Report). During the 2020-2030 decade, the installed capacity worldwide is expected to increase to approximately 234 GW (source: Global Wind Energy Council) and Europe's Green Deal, aiming at a climate neutral continent by 2050, is looking at 300 GW European Offshore Wind capacity by 2050.

'With estimated global grid-connection of 234 GW in 2030, Offshore Wind capacity will have seven-folded in this decade'

Sif manufactures monopile foundations and foundation-components. There are different types of foundations for Offshore Wind energy projects (see overview on page 12). The type used depends on a number of factors including water depth, wind- and wave impact and the composition of the seabed. The monopile with an estimated market share in Europe of more than 80% is the most commonly used foundation for Offshore Wind turbines simply because it provides the best value for money. It can be used in water depths up to 60 meters. 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 deep-water solutions. In addition to the monopiles and transition pieces, Sif manufactures components for jacket foundations (legs, pin piles and bracings). The estimated marketshare of monopiles in Europe is 85% and 60% worldwide. Sif's marketshare, based on the last five years, is approximately 40% (Source: Wood-Mackenzie project database Q3 2020).

'Grid-connection of 234 GW implies additional demand for at least 10,000 monopiles assuming average turbine-capacity of 12 MW and 60% global market share for monopile foundations'



Gravity base	Monopile	Jacket / pinpiles	Jacket / suction buckets	Mooring stabilized TLP / semi-submersible with vertical anchors	Ballast stabilized Spar with semi-taut moorings
WATER DEPTH 20 to 30m	**WATER DEPTH** up to 50m	**WATER DEPTH** 30 to 60m	**WATER DEPTH** 30 to 60m	**WATER DEPTH** 60 to 300m+	**WATER DEPTH** 120 to 300m+

Our clients 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, Van Oord, Saipem and Subsea7. Our geographic focus is on projects in Northwest Europe, with a growing interest in Asian-Pacific and Northeast American initiatives.

Competition

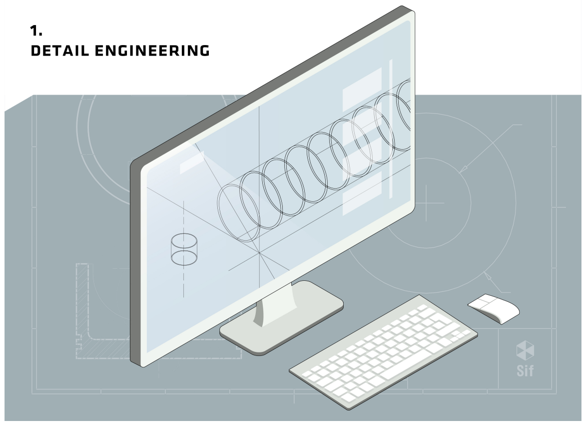
Sif Holding NV (the Netherlands), EEW Special Pipe Constructions GmbH (Germany) and Steelwind Nordenham GmbH (Germany) are the main industrial manufacturers of monopile foundations, that have built a combined market share of roughly 95% over the past 5 years (Source: Wood-Mackenzie project database Q3 2020) with a total annual production capacity of approximately 500 monopiles. All monopile foundations, also for projects outside Europe (USA, Taiwan, Japan), are fabricated or prefabricated in Germany or the Netherlands after which they are shipped to and possibly assembled at their destination. In addition, Bladt Industries A/S (Denmark), as a multiple product supplier, has limited monopile production capacity and according to Wood-Mackenzie, had a market share of approximately 5% over the past 5 years. EEW-Orsted in New Jersey, USA and SeAH in the United Kingdom announced initiatives for investing in monopile manufacturing plants in 2020.

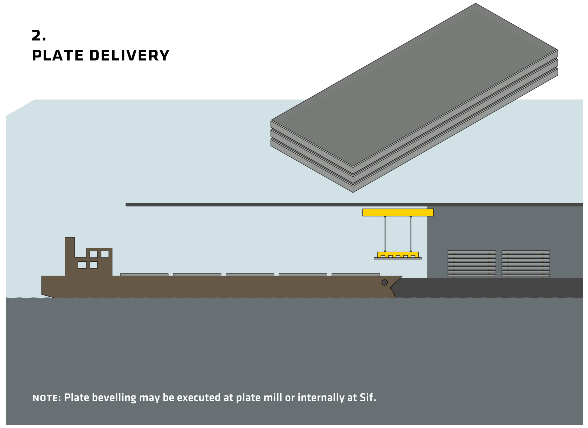
Key success factors and product-range

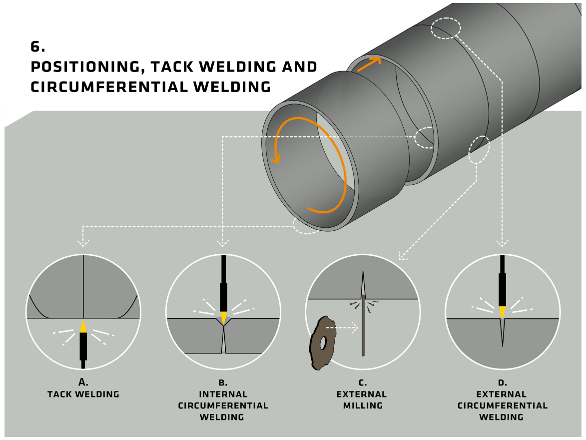
Capital, location and reputation are the thresholds to market-entry. Sif’s main competitive advantages are our proven track-record of being a reliable, fair and quality-driven partner. Sif has state-of-the-art manufacturing facilities situated on 62-hectare land at Maasvlakte 2 in Rotterdam that is supported 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.

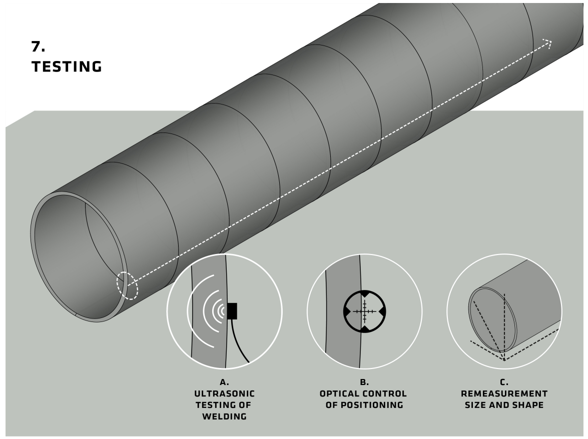
Sif's core competence is the serial rolling, automated welding and coating of extremely thick steel plates to create unique tubular offshore foundations (monopiles) and foundation components (jacket legs, pin piles and pile sleeves).

Cans and cones for monopiles are engineered and manufactured in Roermond and assembled in Roermond and Rotterdam. Primary steel for transition pieces is manufactured in Roermond. A specialized partner is responsible for outfitting transition pieces with platforms, boat landings, etc. Components for jacket foundations are manufactured mainly in Roermond on a separate production line for smaller diameters.

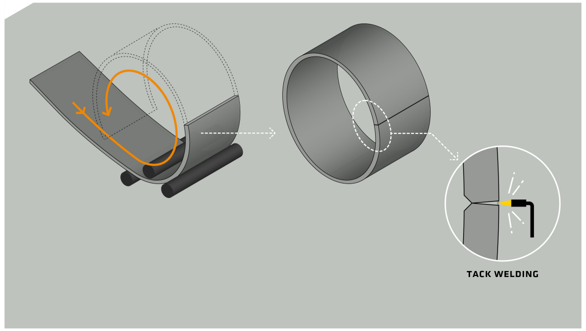




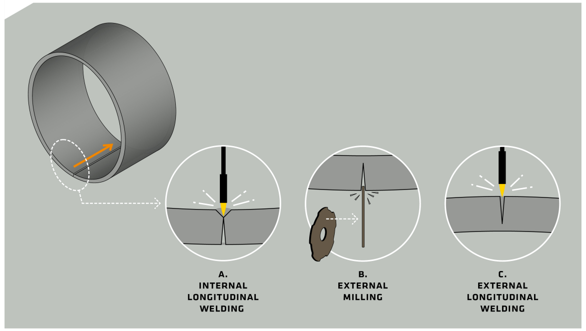




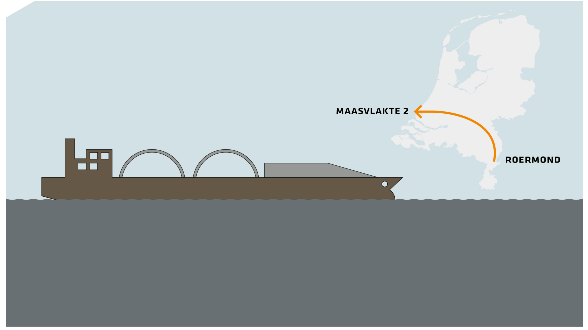
3.
ROLLING, POSITIONING AND TACK WELDING



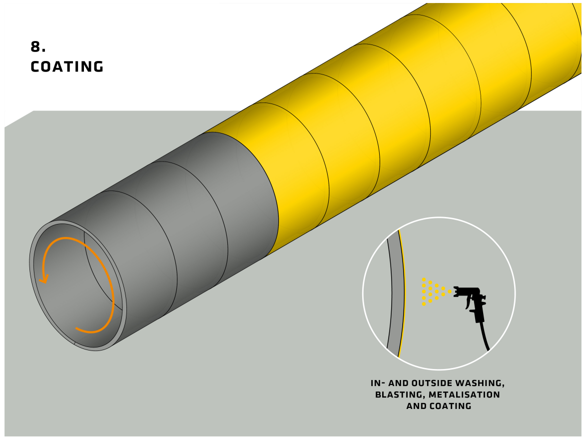
4.
LONGITUDINAL WELDING



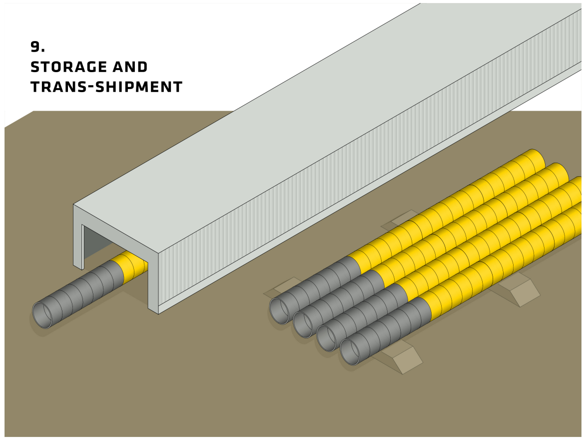
5.
TRANSPORT CANS, CONES AND SECTIONS TO MAASVLAKTE 2



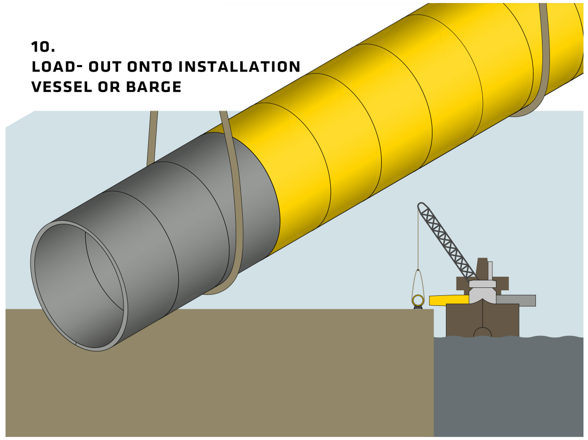
8.
COATING



9.
STORAGE AND TRANS-SHIPMENT



10.
LOAD- OUT ONTO INSTALLATION VESSEL OR BARGE




We love monopiles!
Especially our
2,000th!
Sif OFFSHORE FOUNDATIONS
Ørsted

Sif's strategy

Having started out as a manufacturer of tubular steel pipes for pressure vessels and jacket foundations, Sif redefined its business in early 2000 to focus on offshore energy. Sif became a first mover in monopile foundations for Offshore Wind farms.

> 'Focusing on Offshore Wind energy as early as 2000, demonstrates the long-term view, the innovative mindset and entrepreneurial spirit that characterize Sif'

While Sif's business model has traditionally been based on 'build-to-print' manufacturing, we are now moving towards becoming a 'total solutions partner' offering engineering and production of extremely large unique monopiles. Sif is undertaking the following activities with a view to achieving this position:

a. Optimizing its fabrication assets;
b. Developing design engineering;
c. Developing integrated transition piece alternatives;
d. Growing logistic and marshalling services;
e. Strengthening competences for an EPC (Engineering-Procurement-Construction) role.

Trends and development

Global energy demand continues to rise, fueled by population and welfare growth. At the same time, we see growth in demand for making energy production more sustainable and using more sustainable energy sources. Sif's aim is to contribute to the sustainable production of robust and affordable energy through the design and production of steel foundations (and components) for Offshore Wind farms.

The world is on the brink of an energy transition. The goal is to limit the climate change caused by carbon dioxide emissions. Various countries have committed to limiting or reducing carbon dioxide emissions. This has been agreed in several international treaties such as the Kyoto Protocol and the United Nations' 2015 Framework Convention on Climate Change (UNFCCC). Most recently the EU presented the European Green Deal, which includes the aim of achieving climate-neutrality for the continent by 2050. Wind power generation propels climate change and contributes to the decrease in the costs of energy; Offshore Wind energy can now compete with any alternative source of energy. The main challence now is to increase the energy-output per wind energy-production unit. Opportunities for Sif to contribute to the energy transition are numerous and Sif is well equipped to take advantage of these opportunities.

SWOT analysis

INTERNAL / EXTERNAL	STRENGTHS	WEAKNESSES
	> Long term view > Serving environment- friendly market > Innovative core technology > Strong commercial and operational track record and reputation > Engineering services > Strategic location MV2 > Financial strength, access to capital (bank facilities and equity) > Market leadership	> Workforce composition (age, location, diversity) > (Lack of) storage of wind energy > Dependent on governmental policies > Volatility of pricing (depending on alternatives and interest rates) > Volatility due to size of projects > Large, strong clients
OPPORTUNITIES	**STRATEGY**	**STRATEGY**
> Global pressure for climate change > Technological progress > Maturing growth-industry > Geographic expansion to new areas USA and Japan > Expansion in adjacent services to clients > Global attention for improvement of environment	> Use financial strength, track record, engineering skills and core technology for development towards total solutions provider > Use strategic location of MV2 to serve clients with new products and services > Closely follow developments in emerging markets for Offshore Wind > Build on environmentally friendly products and services	> Build on reputation as tier- one employer in industry of the future > Product development: floating wind farms and sustainable installation and decommissioning

THREATS	STRATEGY	STRATEGY
> Political impact on regulations > Local content requirements > Availability of raw materials > Availability of skilled labor > New entrants in Europe and on other continents > Competing clean energy sources (solar, green hydrogen) > Single product, single market > Larger contracts with volatility-risks > Pricing-pressure to decrease LCOE	> Use track record and reputation to strengthen relationships with suppliers and employees > Total solutions provider based on technological and geographical position and engineering capacity > Optimize production- and costefficiency	> 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 relationships with key-suppliers for steel and flanges

We have set challenging and achievable objectives

	Objective	Measurement	2019	Target 2020	2020	Target 2021
1	**People:** A safe work place and permanent education	TRIF: Total Recordable Injury Frequency	19.1	< 13	9.93	<9
		Sick-leave	6.59%	< 5.5%	5.5%	5.0%
		Training expenses			€400,000	€400,000
2	**Production facilities & innovation:** technological product- and costleadership	Average number of completed monopiles per week	€15 million CAPEX in maintenance & innovation (product and process related)	Optimize fabrication assets to state-of-the-art facilities	4-5 MP's per week	5 MP's per week
		Market leader by Kton produced and number of monopiles (MP) and transition pieces (TP) completed	185 Kton, 190 MP, 130 TP	185 Kton	164 Kton, 160 MP, 115 TP Sif and EEW head-to-head with approx. 40% of market each over a longer period	185 Kton, 200 MP, 65 TP
		Involved in design engineering of foundations to improve EPC position		Build or acquire engineering skills	Intended acquisition KCI	
		Develop integrated transition piece alternatives			Presentation of Skybox	
3	**Circular production:** Sustainable use of natural resources and limiting waste	% recycling of manufacturing-waste	96%	95%	98%	100%
		Reduction of natural & propane gas consumption	35% less natural gas per ton -21%, less propane per ton	20% reduction of propane and natural gas per ton	21% reduction of natural gas per ton - 4% reduction of propane gas per ton	10%/ton reduction of natural and propane gas
		Generation of 100% green energy (solar & wind) for Sif's production	Haliade-X 12 MW turbine operational	30% reduction CO-2	100% reduction of net CO-2, 28% reduction of gross CO-2	

	Objective	Measurement	2019	Target 2020	2020	Target 2021
4	**Communications:** Competitive position outside Europe	Related to market awards trends	First contact USA Japanese sales office opened	First activity 2020	First contract Japan	Invited for tenders USA and Japan
	Discount on financial expenses	CO2 emission and safety performance	0	0.05% discount on banking fees	0	0.05% discount on banking fees
5	**Financial:** Financial continuity	Healthy financial position; Sound financial ratios. Banking covenant: Total debt/EBITDA (ex-IFRS 16)	0.96	<1.5	0.00	<1.5
		Banking covenant: Solvency; Equity/Total assets (ex IFRS 16)	47.2%	>30% after dividend	50.0%	>35% after dividend
	Healthy working capital		4.3	Neutral working capital	-2.9.	Neutral
	Good ROACE	EBIT/average equity+loans-cash and excl lease commitments	8.3%	30%	18.9%	ND
	Attractive return to shareholders	Return to shareholders	0	25- 40% pay out	€0.12/share = 42% of earnings	25-40% of net earnings

Stakeholder dialogue

Internal stakeholders	Employees	Employees are based in two locations in the Netherlands. 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. We use toolboxmeetings, cascade-communications and frequently scheduled information sessions for all employees. Considering that almost 50% of our workforce are non-Dutch; English, German and Dutch are our languages of communication. With respect to certain positions, we apply the master-student principle for 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 webcasts of results presentations) and at AGMs. Following the release of our annual and interim results we hold one-on-one meetings with investors and potential investors. 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. The COVID19-outbreak has caused a shift from vis à vis to virtual meetings with investors in 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 2020, we appealed for the temporary emergency law that applied in the Netherlands in view of the COVID19 pandemic. This law made it possible to organize virtual shareholders meetings. We organized an audio-webcast with possibilities for shareholders to ask questions both in advance and live through electronic media.
External stakeholders	Customers	Customers buy our products often on a basis of co-development. This is why we frequently engage in conversations with our limited number of customers. Sif often works on less than 10 projects for different clients annually. We also meet clients and potential clients at trade shows or other events. COVID19 restrictions prevented this in 2020. 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.
	Labor markets	Labor 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 COVID19 measures. Sif applies the master-student principle for training rolling and welding specialists.

External stakeholders	Suppliers	In order of size, Sif's main suppliers are for steel plates, corrosion protection, flanges, temporary personnel, logistics and for welding equipment and materials. We maintain close personal relationships with these suppliers given their importance in facilitating our innovations and growth. 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 initiate projects for wind energy and sometimes subsidize innovations or projects. We communicate through media and at networking events.
	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 entail 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 black-out 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 CDP, ISS and MSCI.
	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.

Report of the Supervisory Board

Composition of the Executive and Supervisory Boards

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. 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 archived on the company's website.

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

In 2020, Peter Gerretse stepped down in accordance with the rotation schedule. He was reappointed during the Annual General Meeting of Shareholders. Soon as Dutch law (Section 142b of Book 2 of the Netherlands Civil Code) is effective (expected 1 July 2021), it 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%). As soon as a current member of the Supervisory Board resigns, which will be in 2022 at the latest, Sif intends to increase female directorship of the Supervisory Board to at least one third.

ROTATION SCHEDULE SUPERVISORY BOARD

	2021	2022	2023	2024	2025
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 of one another, the Executive Board and any particular interests. 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 2020.

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.

Peter Visser, as a Supervisory Board member and as a board member of 49.4% shareholder Egeria Industrials AG, is potentially in a conflicting position. Whether this situation can lead to a conflict-of-interest situation is evaluated at every meeting and before each agenda item. On one occasion in 2020, this resulted in a withdrawal by Peter Visser from discussions under one agenda item. Peter Visser left the meeting when this agenda item was tabled for discussion.

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 the company 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 2020.

Supervisory Board self-assessment

The Supervisory Board convened two meetings in December 2020 to discuss its own performance and that of its individual members. One Executive Board member (CEO) attended part of one of these meetings. The performance evaluation covered the Supervisory Board's profile and composition, independence, expertise and team effectiveness, as well as the quality of information provision, the role of the chairman, secretarial support and relations with the Executive Board. All the other Supervisory Board meetings were attended by the Executive Board, a listener representing Egeria and a secretary. On two occasions, the auditor attended part of the meeting.

It was concluded that the Supervisory Board functioned well at both the collective and individual level. The members are of the opinion that they complement each other sufficiently in the context of their role in advising the company. Improvement potential is 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. During the closed assessment-meeting, the items for attention as stated in the best-practice provision of the Code regarding the independence of the Supervisory Board (2.1.7.) as well as its individual members (2.1.8.) and the chairman (2.1.9.) were assessed and confirmed.

It was also concluded that the Supervisory Board enjoys a good working relationship with the Executive Board, the Management Team and the Works Council. It was also established that none of the members of the Executive Board holds more than two supervisory positions as referred to in the Dutch Management and Supervision 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 kind of conflict of interest between the company and members of the Executive Board.

The composition of the Supervisory Board is as follows:

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 the Chairman of the Supervisory Board of Amphia Group (clinical hospitals) and a member of the Board 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 appointed a member of the Executive Board of Boskalis and 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 Master Mariner 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). 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 in May 2018 for a four-year period. Resigning at closing of the 2022 Annual General Meeting of Shareholders. Peter Wit is currently COO at 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 in February 2016 for a four-year period. 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). She also holds 50% of the shares in Meal Company, a manufacturer of food vending machines. 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 is booster for NL2025 and mentor for NLGroeit. 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 B to B marketing. He was first appointed in February 2016 for a four-year period. 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 on an interim basis as of 1 November 2017 for the period until the end of the Annual General Meeting of Shareholders on 3 May 2018. Appointed on 3 May 2018 for a four-year period. Resigning at closing of the 2022 Annual General Meeting of Shareholders. 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 he 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. Peter Visser has been nominated by Sif's largest shareholder to be appointed a Supervisory Board member of Sif Holding NV.

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

Fred van Beers (born 1962, male, Dutch nationality). CEO. Appointed in September 2018. Entered into a service agreement for a period of four years ending 2022. Fred van Beers holds a degree in marine engineering and worked as a business unit manager at aluminium manufacturing company Alcoa and ship propeller manufacturing company LIPS 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).

Leon Verweij (born 1960, male, Dutch nationality). CFO. Appointed in May 2017, following an ad interim appointment in January 2017. Entered into a service agreement in July 2017 for a period of four years ending 2021. After completing his degree in business economics, Leon Verweij held several financial positions, including 23 years as CFO of companies including Grasso's Koninklijke Machinefabrieken, Koninklijke IBC (building and property development), Koninklijke VolkerWessels Stevin (general construction and property development), and Schoeller Arca Systems Services. He also worked for the Smulders Group during which time he gained experience in the field of steel foundations for offshore wind farms. More recently, he served as interim CFO at construction company Ballast Nedam and as interim CEO at the Oskomera Group. Leon Verweij is also a member of the Supervisory Board of the Villa Pardoes foundation and an advisor to the Supervisory Board of N.V. Slibverwerking (sludge processing) Noord Brabant.

The Supervisory Board's organization and activities

Board Committees

The Supervisory Board has installed an Audit Committee and a Remuneration Committee. No separate Selection and Nomination Committee was installed since nominations are on the full Supervisory Board's agenda and discussed plenarily.

The Supervisory Board has determined that the Corporate Governance structure as applied by Sif Holding N.V. is effective.

COMPOSITION OF SUPERVISORY BOARD COMMITTEES

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

Remuneration Committee

The Remuneration Committee convened on two occasions in 2020, always in the presence of the CEO. All the members of the Remuneration Committee attended the meetings. On the agenda were the implementation of the new remuneration policy as approved by the Annual General Meeting of Shareholders, the remuneration report for 2020 and the performance indicators for variable remuneration. Advised by external remuneration consultants, the remuneration committee changed the peergroup that Sif has composed to compare remuneration packages to.

Audit Committee

In 2020, 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 2020. 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. The CEO and CFO of Sif presented the monthly numbers to the full Supervisory Board members in monthly calls.

Supervisory Board

The Supervisory Board convened on eight occasions in 2020. Except for one Supervisory Board member missing out on one meeting, all the members attended all the meetings. Most of the scheduled meetings were virtual due to COVID19 travelrestrictions. 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. On a monthly basis, progress was explained by the Executive Board to the full Supervisor Board.

During the Supervisory Board meetings, the topics discussed with the Executive Board, regularly also attended by the commercial and operational directors, included trends in the industry and main markets, business progress, sustainability of the business, internationalization, product development and results development. Other topics on the agenda were: staffing and succession, risks and risk management, IT-security and governance and compliance with legislation and regulations. The Supervisory Board regularly discusses the strategy, the implementation of the strategy and the main risks of the strategy with the Executive Board.

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

Financial accountability and dividends

The Report of the Executive Board and the 2020 financial statements were submitted to the Supervisory Board in accordance with the provisions of Article 30 of the 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 11 March 2021. The Supervisory Board will submit the financial statements for the 2020 financial year to the Annual General Meeting of Shareholders on 12 May 2021 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 of their liability for the policy pursued and the Supervisory Board of their liability for the supervision conducted. Profit attributable to the shareholder for 2020 amounted to € 7.3 million. The Supervisory Board has approved the proposal by the Executive Board to retain € 4.2 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 € 0.12 per share (€ 3.1 million in total) for the year 2020 will be proposed to the Annual General Meeting of Shareholders in May 2021.

Acknowledgements

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

With 164 Kton production, 2020 was a moderate year from a utilization perspective. The cancellation of the Vineyard project in the USA could not entirely be compensated by the win of Akita Noshiro in Japan and the rescheduling of Saint Nazaire in France. Together with the outbreak of the COVID19 pandemic, this impacted production, especially during the first half year of 2020, causing Sif to adjust its production and EBITDA-forecast for the full year. Owing to a sound pricing environment and improved execution, EBITDA-forecast for the full year ended close to 18% higher than guided for at last year's Annual General Meeting of Shareholders.

Projections by industry analysts WoodMackenzie (Foresight 20/20: Offshore Wind from Niche to 'hard to ignore' dated January 2020) and Windeurope (Offshore Wind in Europe Key trends and statistics 2019 dated February 2020), show a healthy development of demand over a longer period from now, tipping the supply-demand balance in favor of the current manufacturing industry.

It is positive to see the high level of loyalty and involvement Sif's employees demonstrate with respect to adapting flexibly to the stringent policies and working-procedures relating to the COVID19 outbreak. After a startled response leading to higher absence rates in March-April 2020, colleagues resumed their duties and performed above expectations in operational and financial terms. They once 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. They also continue to do so because COVID19 has not yet been eliminated, although there is light at the end of the tunnel. We also wish to thank all our stakeholders, including shareholders for the confidence they have shown in the company.

Roermond, the Netherlands, 11 March 2021

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

Remuneration report

As referred to in article 2:135b of the Dutch Civil Code and in principle 3.4 of the Dutch Corporate Governance Code. This Remuneration report is based on the company'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 section of the website of Sif. An outline of the Remuneration policy is included in the Governance-paragraph of this annual report on page 67. In their 2020 advice, the Works Council made two recommendations. The Supervisory Board accepts the Works Council's conditions and takes heed of their recommendations. These recommendations will primarily be reflected in the annual remuneration reports:

1. To ensure that the pay ratio does not exceed the current level and to keep this within the bandwidth of 6.8–8.9. The Supervisory Board's opinion is that the bandwidth is a reasonable spread for the current structure, certainly when bearing in mind that the Sif pay ratio has remained well within this range for many years. In order to maintain flexibility should circumstances suddenly and drastically change, the Supervisory Board will observe it without including a bandwith in the policy;
2. To maintain a balance between short-term and long-term remuneration that tips toward long-term remuneration. The long-term incentive is currently 20% of basic salary on award. This is in line with practises at a number of other listed companies in the Netherlands. Whether this incentive is also 20% of the basic salary at the time of vesting and payment depends on share-price development. In 2020 the first LTIP award (to CFO Leon Verweij) vested at 9% of basic salary or 25% of total variable remuneration. The Supervisory Board will certainly examine this recommendation, although its inclusion in the policy is complicated by an uncertainty in the longer-term remuneration at the time of payment.

The remuneration policy is instrumental to the realization of Sif's strategy and to longer term value creation for all the stakeholders of the company. For 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 a revised peergroup including 7 listed and 7 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). The median of the new peer-group, based on total remuneration, appeared to be 5,5 % lower than the median of the previous peer-group as defined in 2016 for the CEO and 10% lower for the CFO. Based on the 2019 remuneration SIF takes a median position in this new peergroup for Executive Board remuneration.

The following overview summarizes the salaries and performance related bonusses and other remuneration elements of the Executive Board for the past 2 years. The remuneration for 2020 is based on the Remuneration policy as approved by the Annual General Meeting of Shareholders in 2020. This policy does not deviate a lot from the policy that was approved at the Annual General Meeting of Shareholders in 2017. The adoption of social and environmental 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 suggested STI-LTI-balance, 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	
Type of recompense In €, excluding VAT	**2020**	**2019**	**2020**	**2019**
Base salary	376,747	367,200	282,874	275,706
Employer´s pension contributions	21,281	22,662	41,312	39,615
Pension compensation	48,596	47,315	40,368	48,196
Annual bonus (accrual)	95,893	131,694	98,841	37,760
LTIP	-	-	25,724	-
Other benefits (car lease, travel expenses and relocation expenses)	40,992	49,225	38,037	44,611
Social security and other payments	10,182	10,995	10,182	10,995
Total remuneration	**593,691**	**629,091**	**537,338**	**456,883**
Paid annual bonus in the year, earned over the previous year	80,370	49,863	78,573	135,624
Paid vested LTIP	-	-	25,724	-
Total actual paid variable remuneration	**80,370**	**49,863**	**104,297**	**135,624**

The remuneration package includes the following elements:

Base salary

The base salary for Executive Board members increased with the cost-of-living index in 2020. This implies a 2.6% 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 2020 short term incentive for the Executive Board members is based, are derived from the audited financial statements. These audited financial statements need approval by the AGM until which moment the bonus is preliminary and included in the financial statements as an accrual. Possible deviations in the actual bonus are booked against this accrual in the subsequent year. The bonus on 2020 is paid in cash in 2021 as soon as the annual accounts are approved by the Annual General Meting of Shareholders. The bonus is based on financial performance indicators EBIT, contribution and ROACE for 60% and on non-financial performance indicators safety, sickness leave and personal targets for 40%.

	target 2020	actual 2020	bonus contribution
Contribution in € mln	**99.7**	101.6	
EBIT in € mln	**9.2**	11.4	60%
ROACE in %	**7.36**	18.9	
Safety TRIF	**< 13**	9.9	40%
Sickness leave	**5.5**	5.5	

At target, the short-term incentive is 40% of base salary for the CEO and 35% for the CFO. The maximum short-term incentive is 60% or 50% of base salary for CEO and CFO respectively. For 2020 the pay-out percentages (actual paid short-term bonus as a percentage of basic salary in the year of pay-out) for Executive Board members were 21.3% for the CEO and 27.8% for the CFO. In 2019, the pay-out percentage for the short-term bonus was 13.6% of fixed base salary for CEO and 49.2% of fixed base salary for 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. The company may contribute for 100% to the pension premiums. The pension contribution covers the maximum pension amount, the pension compensation covers the excedent arrangements with or without director-contribution.

LTIP

Under the long-term incentive plan 7,055 PSUs with value of €70,374 were conditionally awarded to CEO (7,425 in 2019 with value of €73,433) and 5,297 PSUs with value of €56,572 were conditionally awarded to CFO (5,575 in 2019 with value of €55,137). The 2017-awards were the first under this LTIP. They vested in 2020. The pay-out on vested LTIP-arrangements to CFO was € 25,724 in 2020.

Severance payment

Executive Board members are entitled to contractual severance payments 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.

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 7.6 (8.2 in 2019). 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 7 to the financial statements. This results in total gross expenses of €25,073 thousand for 313 FTEs (€ 23,985 thousand for 293 FTEs in 2019) when excluding Executive Board members or € 80,358 (€ 81,838 in 2019) per Sif employee based on the average number of employees for the year under review. The comparable expenses for Executive Board members include base salary, employer's pension contributions, pension compensation, annual bonus and social security and other payments as reported in Note 32 to the financial statements. Different than in previous years, the pay ratio now also includes LTIP value at vesting date. This results in total gross expenses of €1,052,000 for 2 FTE (€992,138 for 2 FTE in 2019) or €526,000 (€469,069 in 2019) per Executive Board member.

The 2019 Remuneration report was discussed in the Annual General Meeting of shareholders 2020 and presented for an advisory vote. Of the shares voted for (74.02% of shares issued), 84.89% voted in favor. Questions from the shareholders related to disclosure of targets for short-term incentives. These targets are now disclosed in hindsight (targets for 2020 in the annual report 2020). Reference is made to the table on page 35.

Remuneration and company performance

	2020	2019	2018	2017	2016	2015
Executive Remuneration (in €)						
Fred van Beers	593,691	629,091	231,677			
Jan Bruggenthijs[1]			766,327	1,343,678	2,697,661	441,049
Boudewijn Nijdam[2]					1,505,289	112,029
René Schmeitz[3]					1,481,578	348,810
Leon Verweij	537,338	456,883	609,853	290,482		
Pay ratio	**7.6**	**8.2**	**8.5**	**7.6**		
Company performance indicators						
Contribution/ton*	609	542	539	585	678	670
EBITDA	31,756	26,371	13,258	57,118	65,395	57,815
Net debt (ex-IFRS 16) year-end	-2,645	21,293	30,377	25,107	41,969	26,894

1. Chief Executive Officer as of September 2014 until 3 May 2018.
2. Chief Financial Officer as of September 2015 until January 2017.
3. Chief Financial Officer until September 2015 .

* ex marshalling revenues 2019 and 2020

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 as part of their remuneration.

SUPERVISORY BOARD REMUNERATION

	Remuneration				
in €[1]	2020	2019	2018	2017	2016
André Goedée	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	40,000
Caroline van den Bosch	45,000	45,000	45,000	45,000	40,000
Peter Wit[3]	45,000	45,000	30,000		
Peter Visser	45,000	45,000	45,000	7,500	
Alexander van Wassenaer[4]				37,500	45,000
Total remuneration	**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

Shares and ownership

Sif Holding N.V. shares (SIFG.AS) have been listed on the Euronext Amsterdam stock exchange since May 2016 with ISIN code NL011660485. At the end of 2020, 25,501,356 ordinary shares had been issued with a par value of € 0.20. All the shares bear equal voting rights and are entitled to dividend paid out of the Company's profit reserves (known as the 'one share one vote' principle). At the end of 2020 market capitalization amounted to € 422 million. 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 is listed in the shareholder register held by the Company. The LEI code of 13016026 Sif Holding N.V. is 724500J0BPD5CLHCK040.

SHARE INFORMATION

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

Ownership

Free float in Sif-shares is approximately 40% of the issued shares as at 31 December 2020. The following holdings were disclosed pursuant to the Decree on 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	3.02%	3 December 2020
Moneta Asset Management	5.00%	18 May 2020
The Vanguard Group	<3.00%	18 November 2019
Egeria Industrials 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). 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
The General Meeting of Shareholders has authorized the Executive Board to issue shares and/or to limit or exclude legal pre-emption rights. On 14 May 2020 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 14 November 2021). The authorization is limited to a maximum of 5% of the issued capital as at 14 May 2020 plus, in the case of and related to acquisitions, mergers, unravelling of mergers and strategic alliances, an additional 5% of the issued capital as at 14 May 2020.

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 14 November 2021) 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 14 May 2020.

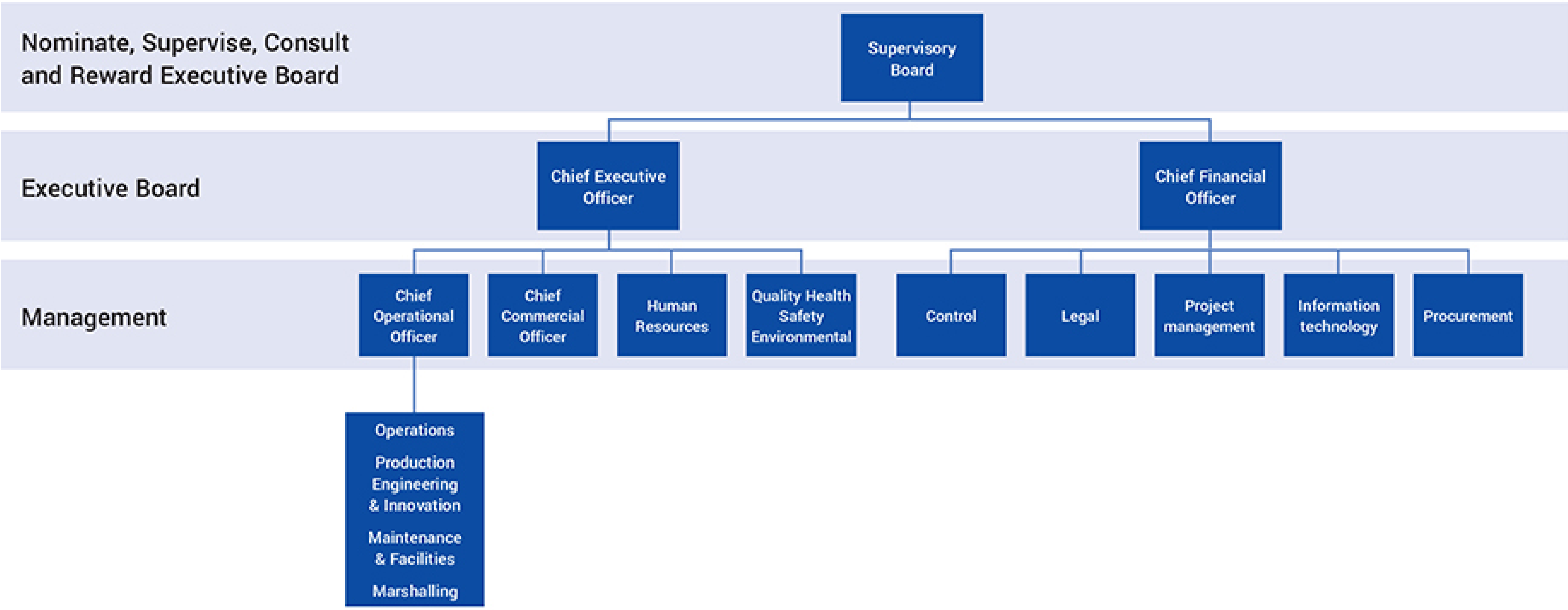
Insider trading
Sif Holding N.V. has an insider trading policy. The Compliance Officer maintains a list of permanent and deal-related insiders and informs insiders of all obligations deriving from the applicable regulations. The full text of the insider trading policy is published on Sif’s website.

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 risk management and control measures in place within Sif, and considering our 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 a compliance framework that focuses on Sif's organizational **structure**, **processes** and **culture**. The organizational **structure** includes good governance and appropriate checks and balances.



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 whistle-blower 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 man-hours, 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 have been translated into standards through the formulation of policies and a Code of Conduct and must be implemented through good leadership, a drive for innovation, acquisition and transfer of knowledge and the provision of a rewarding, non-discriminatory and inclusive working environment where employees are encouraged to speak out.

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
- geographical dependence
- dependence on limited products
- dependence on offshore wind energy with limited number of clients and projects
- competition from new entrants or vertically integrated manufacturers

Operational risk
- dependence on limited number of suppliers
- volatility of project related business
- inadequate alignment of existing and new factories
- limited availability of skilled and experienced staff
- unfavorable gender and age distribution of staff
- safety hazards
- size of monopiles exceeding manufacturability
- flooding of Roermond

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 exchage
- Flexibility of workforce

Financial risk
- inadequate reporting process
- fluctuating material prices
- credit, interest rates and liquidity
- changes to global economic conditions

Legal and regulatory risk
- damage to reputation due to fraud
- violation of values in the Code of Conduct
- product liability
- unclear inspection criteria
- IT-cyber-security incidents

The outbreak of a worldwide pandemic was not anticipated in the risk-matrix of the company. Other risks in the Sif Risk matrix did emerge during the year under review. This mainly concerned the volatility that can result from the combination of dependence on a limited number of markets, clients and projects and, more specific for 2020, of dependence on political decision-making and the uncertainty that sometimes comes with changes in administrations. The size of the majority of the projects on the market makes it a challenge to optimize factory utilization. In 2020 the impact of the cancellation or delay of Vineyard underpinned this. Sif was able to smoothen this impact by contracting Akita-Noshiro and by bringing forward the Saint Nazaire project.

Important mitigation tools to smoothen capacity utilization are innovation, product development and in-house detail engineering. Most of the innovations are related to executed projects. Such as in 2018 and 2019 in Triton Knoll (design- and detail engineering in contract scope of Sif/Smulders) and Borssele 3+4 (wind farm without transition pieces). In 2020 innovation initiatives included, amongst others, participation in design projects for floaters and new designs for transition pieces like the ‘Sky-box’.

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 2020	Measures to mitigate strategic risk	Risk appetite	Status
Dependence on Northwest European and on immature (emerging) markets can disrupt the business	Vineyard project in USA was delayed/cancelled in 2019/2020 with utilization effects in 2020. Award of first project in Japan and bringing forward project Saint Nazaire absorbed part of the under utilization caused by the delay/cancellation of Vineyard.	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 will 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 existing production facilities in The Netherlands.	
Dependence on limited number of products	In 2020 Sif manufactured (components for) foundations for 8 projects: Triton Knoll, Borssele 1-2, Borssele 3-4-5, Akita Noshiro, Saint Nazaire and Hollandse Kust Zuid and components for Sverdrup P2 and Hodfield jackets.	Developing new products and add-on services to limit dependence on limited number of products/projects and pursue that monopiles remain the solution of choice for bottom fixed until 60 meters waterdepth by being the supplier of LCOE optimized total MP solutions. Started marshalling activities in 2019 and Selected acquisition-target KCI to grow engineering activities	Sif will only develop new products for existing markets or enter new markets with existing products	
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 maintaining a certain flexible workforce to achieve the flexibility required to deal with volatile project environment	Safeguard balance between permanent and flexible workforce and include critical positions in permanent workforce (in stead of flexible).	
Competition from new entrants or from vertically integrated manufacturers	Announcements by Haizea and SeAH to start monopile production in Spain and UK from 2023 and by Orsted-EEW to start in USA	Promote customer loyalty and render best-in-class services. Maintain investments in innovation.	Current market can absorb 1 or 2 new manufacturers of monopiles to restore healthy demand-supply balance	

Legal and Regulatory	Materialized 2020	Measures to mitigate strategic risk	Risk appetite	Status
Damage to reputation due to fraud, bribery or corruption	none	Authorization matrix. Control and assurance. Company culture.	Zero incidents	✓
Violation of values in Code of Conduct	none	E-learning and speak-up culture	No violations of company values	+
Product-liability	none	Quality control and assurance, contracting principles and insurance	Zero defects to finished products	✓
IT-cyber-security	Response to phishing mail	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		>

Financial risk	Materialized 2020	Measures to mitigate financial risk	Risk appetite	Status
Inadequate reporting process		Strengthening project management and control function and implemented ERP AX	Timely and reliable monthly financial reporting (monthly reporting latest on 15th day subsequent to end of month)	✓
Fluctuating material prices	Steel showed pricing volatility in 2020 and early 2021	Pass-through costs for certain materials (steel)	Very limited to no risk on price changes	✓
Credit, interest rate and liquidity risk	none	Pursuing a credit policy, maintaining solvency and healthy cash levels and following treasury policy guidelines as explained in Note 25 to the Financial Statements 2020 paragraphs ‘credit risk’, ‘liquidity risk’ and ‘market risk’ respectively	Zero breaches of banking covenants or covenant holidays when needed	✓
Changes to global economic conditions	Economy standstill due to pandemic	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	>

Operational risk	Materialized 2020	Measures to mitigate operational risk	Risk appetite	Status
Dependence on limited number of suppliers or clients may disrupt production	Outbreak of COVID19	Maintain and develop the strong relationship with key suppliers based on mutual interest. Develop relationships with suppliers in other regions. 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	
Volatility of project- related business	Cancellation of Vineyard Wind project	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	Loss of efficiency due to sub-optimalization in 2019 and early 2020	Transferring working methods and techniques from experienced Roermond-staff to Maasvlakte2. Scaling up in-house detail engineering capabilities	Uninterrupted production flow	
Limited availability of skilled and experienced staff may cause delays or deficiencies	Tight labor market in Western Europe for technical personell (welders and rollers) has impacted growth of payroll-based expertise and resulted in relatively high quality costs	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	None	Work on a sustainable high water protection program together with government bodies and industry partners	Flooding of facilities once every 50 years	

Social, Environmental and Governance policy and MD&A of progress in 2020

Sif contributes to a more sustainable energy production and to a more sustainable world. In this section of the annual report, we explain the progress we have made today in terms of objectives that we have set for ourselves. We will explain how we contributed to four of the Sustainable Development Goals of the United Nations by serving our markets and applying our resources. The level of success determines the added value of the company to various stakeholders over a longer period.

Market conditions

Within the energy sourcing and generation market, Sif focuses on Offshore Wind.

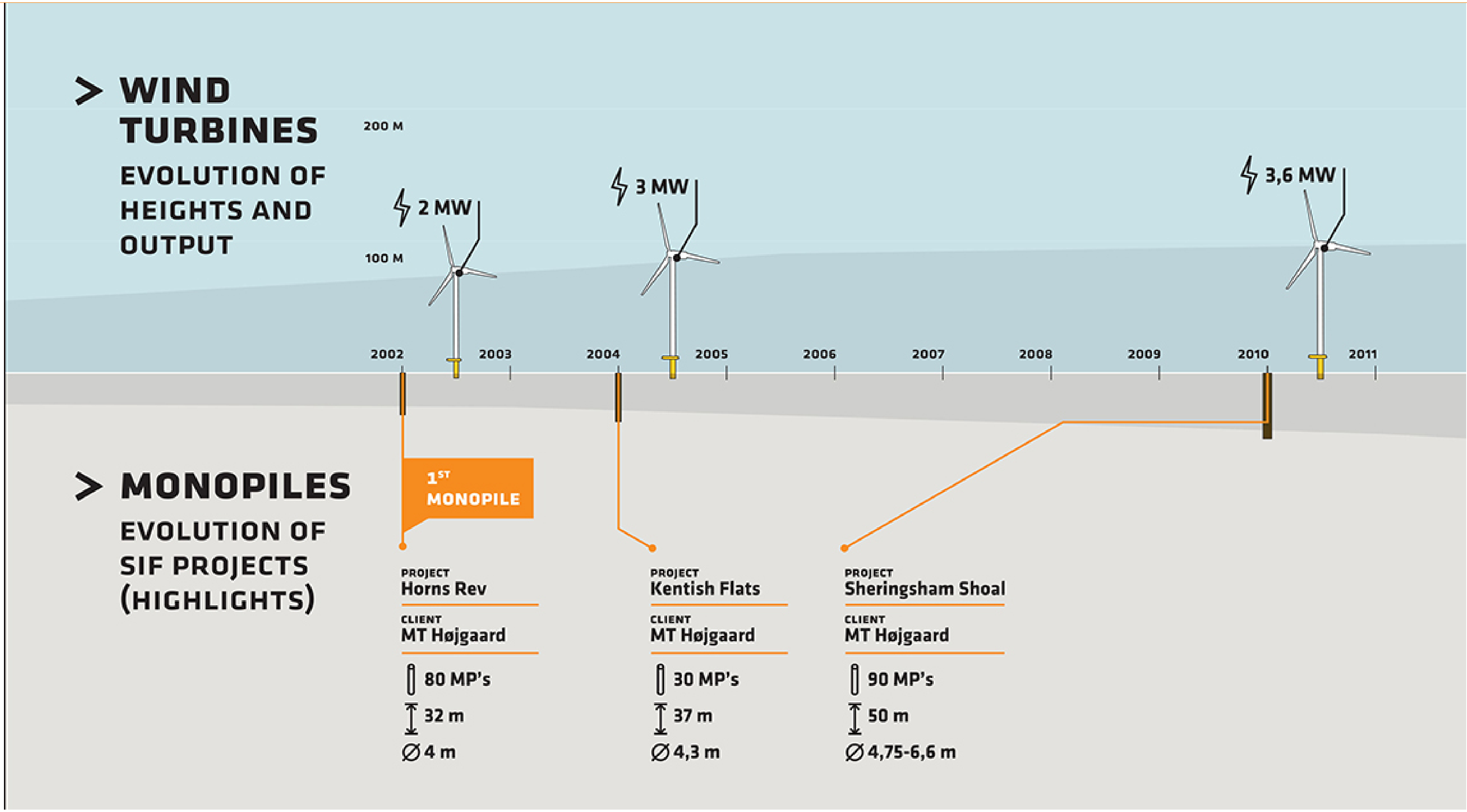
Expectations for the supply of offshore generated sustainable energy have increased year on year. Industry analysts at WoodMackenzie now expect a global average annual growth rate (AAGR) of 23.5% for the 2019-2029 period (source: WoodMackenzie; Global Wind Power Market Outlook Update Q4 2020 dated 11 December 2020. The growth in demand is driven by climate-related inter-country agreements and by the constantly decreasing costs of offshore wind energy.

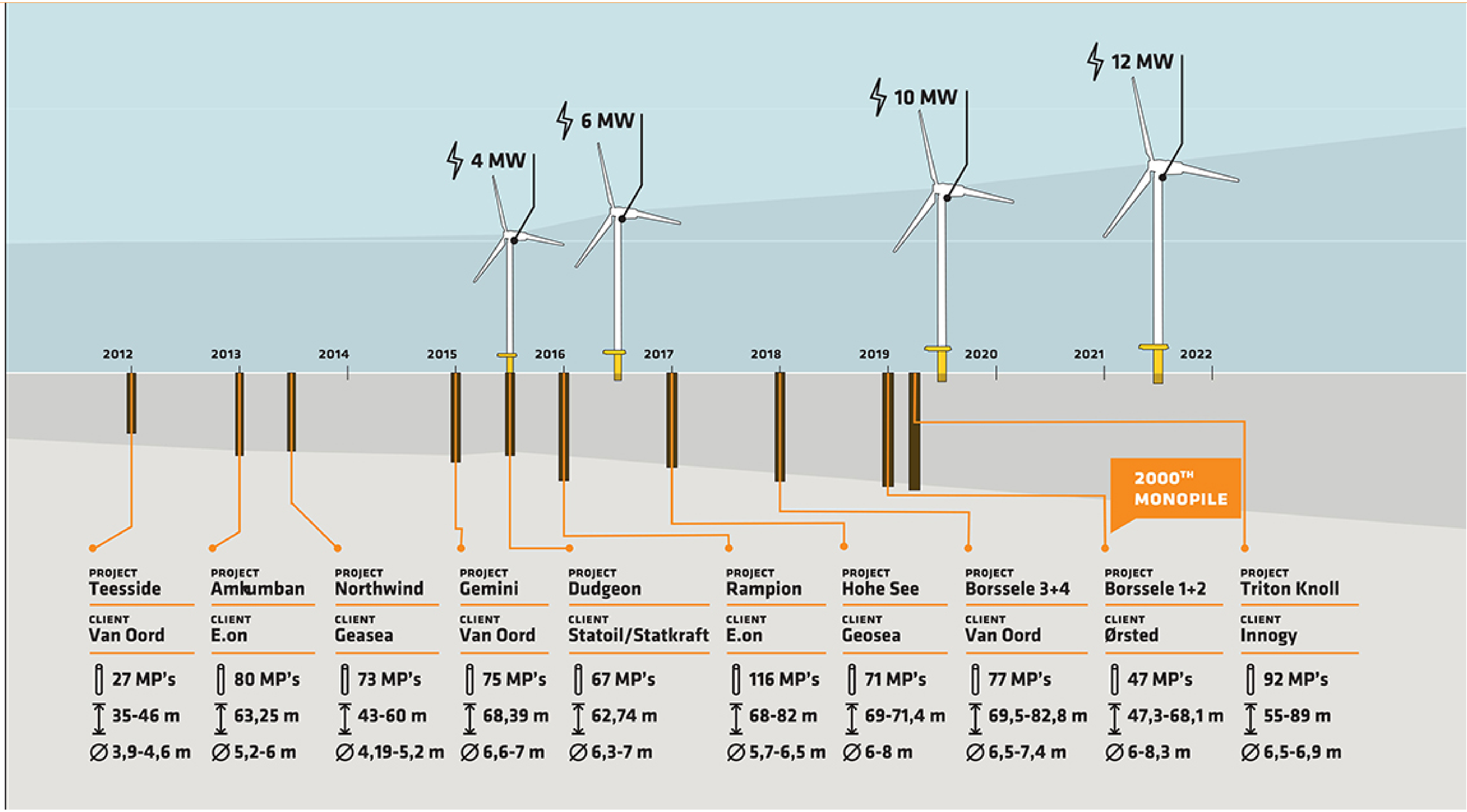
'Monopile foundations have contributed to decreasing costs of offshore wind energy, making affordable and sustainable energy accessible.'

Cost of electricity production are expressed in LCOE (Levelized Cost Of Energy). LCOE for Offshore Wind electricity has dropped significantly by an estimated 71% during the period 2009-2020 (source: Lazard's Levelized Cost of Energy Analysis-version 14.0 dated October 2020). Partly this is a consequence of low interest rates for project financing and increasing turbine capacity. 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 grid-connection. We have seen confirmation of the expected growth in our tender-activity and in our order book-additions in 2020 that now stretches into 2023.

Product development

In 2020 Sif worked on projects Triton Knoll (UK), Borssele 1-5 (the Netherlands), Saint Nazaire (France), Akita Noshiro (Japan) and Hollandse Kust Zuid (the Netherlands). Total production in 2020 included approximately 164 Kton or 160 monopiles and primary steel for 115 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 13 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 of 15 MW for the period beyond 2023 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 project-management support. In addition, Sif participated in several innovation-initiatives to increase output or decrease lifetime costs.


> WIND TURBINES
EVOLUTION OF HEIGHTS AND OUTPUT
200 M
100 M
2 MW
3 MW
3,6 MW
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
> MONOPILES
EVOLUTION OF SIF PROJECTS (HIGHLIGHTS)
1ST MONOPILE
PROJECT
Horns Rev
CLIENT
MT Højgaard
80 MP's
32 m
Ø 4 m
PROJECT
Kentish Flats
CLIENT
MT Højgaard
30 MP's
37 m
Ø 4,3 m
PROJECT
Sheringsham Shoal
CLIENT
MT Højgaard
90 MP's
50 m
Ø 4,75-6,6 m



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 at Borssele 5 and the Borssele 3+4 project where transition pieces are no longer applied and where, as a consequence, savings are realized in steel costs and in installation time at sea which is shortened dramatically. 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 DP installation vessels. It is a new application of slip joint technology (refer to picture on page 72 of this annual report).

‘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 Triton Knoll project where Sif is optimizing the design-to-production process by including design engineering in its contract scope. To expand engineering services for earlier involvement in the design process, Sif expressed its intention to acquire KCI late 2020. This engineering company with 60 Fte has extensive know-how of offshore structures in various parts of the world.

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 2020 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.’

Investments that initially were scheduled for the 2019-2021 timeframe as a result of the PISA design recommendations, addressing the diameter over wall thickness ratio, are put on hold until more experience has been gathered on 9 meter diameter designs for monopiles and on the actual stretch in the diameter/wallthickness ratio, in relation to savings on materials and production costs.

Geographical expansion

Contract wins in 2020 included Hollandse Kust Noord (70 TP-less foundations, 65 Kton) and Dogger Bank A+B (190 foundations and transition pieces, 260 Kton). Sif also won its first Japanese project in 2020. The 33 Akita- Noshiro foundations and transition pieces were contracted and delivered in the same year. It partly filled the capacity that was vacant after Vineyard was postponed and ultimately removed from Sif’s orderbook in the second half of the year. Expectations are that further Japanese projects will be realized to total production of 2.1 GW offshore wind by 2022 and that tenders will be issued for an additional 13 GW+ projects for the period thereafter in view of the target to become carbon neutral by 2050. Sif considers Japan a potential core market and has opened a sales-office in Tokyo.

Oil and gas markets
Offshore Oil & Gas have been under pressure since 2015 due to heavy fluctuations on a lower-level oil price. Projects in which Sif was involved accounted for around 3% of Sif's revenue in 2020 (5% in 2019) and consisted of the supply of mega-jacket legs and pin piles for Hod-field and Sverdrup. Offshore Oil & Gas initiatives dropped to almost zero in 2020 and production-lines at Sif for these products were underutilized. On total production-capacity this represents approximately 40 Kton. Sif is analyzing how this impacts the production set-up.

> 'Production for oil & gas markets dropped to almost zero in 2020. Sif is analyzing how this impacts production facilities.'

Resources and sustainability approach
Sif launched the monopile at the beginning of this millennium and has now produced over 2000 of the approximately 5000 installed monopiles in Europe. Assuming an average capacity per turbine of approximately 5 MW and an average production period of 7 years, Sif has thus contributed to the production of more than 70,000 MW of clean, sustainable wind energy. Besides this contribution to the displacement of CO2-emitting energy, Sif has also examined its own footprint.

We have set the following four targets for our sustainability strategy. They should contribute to the Global Compact strategy of the United Nations that spells out the ambition to accelerate and scale the global collective impact of business by upholding the Ten Principles of the Global Compact Strategy and delivering on Sustainable Development Goals.

From 2023 Sif manufactures on a zero safety-incident basis and contributes to SDG's 9 and 12;
Sif employs almost 600 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. In addition, it is unacceptable to Sif that people leave for work in the morning in good health and later return home injured or end up in hospital. The aim is therefore zero incidents. We have been recording Lost Time Injury Frequency (LTIF) for many years. This was 2.48 per million hours worked in 2020 (2.39 in 2019) and is down from about 8 in 2014, a decrease of about 70%. Later we also started recording 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 9.93 per million hours worked in 2020 (19.1 in 2019). Well below the target of 13 for that year but still not near the zero-incident target for 2023.

The HSE manager will implement a number of new safety initiatives and monitor their implementation. The emphasis is on mindset (safety as a first nature, at work, on the road and at home) and on fabrication design. Ergonomics and further automation in the production halls should help to reduce the number of incidents to zero from 2023.

From 2025 Sif's activities are fully powered by 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, but to actually reduce it.

In 2020 the gross carbon dioxide emission by Sif was 3.157 or 19.3 kilos per ton of processed steel (4.392 tons or 23.7 kilos per ton in 2019). In 2021 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. This will result in up to 20% natural gas and propane gas reduction;

> Heavy transport vehicles (trucks, SPMT) will be fueled by bio-diesel;

> Explore options to reduce CO2 emissions from our supply chain.

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 twenty-five-to-thirty-year lifetime of a wind farm, the first ones will become redundant or economically depreciated in 5 to 7 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 2 meters below the mud-line), cleaning of the preservation and re-use of the steel. And therefore, circularity requires a supply-chain approach. 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.
We now produce 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 the decarbonisation of international shipping. Looking together for the optimal production of energy from offshore wind through optimal coordination of foundations and turbine capacity.

Longer-term financial results are the outcome of Sif’s effectiveness in employing resources, of our social effectiveness and embedding this in the community and of our responsibility for the environment in which we operate. This integration with our day-to-day activities is on the agenda of meetings with the Supervisory Board and of the budget meetings. Sif considers the development of sustainable business management of prime importance for the continuity of the business, the wellbeing of its employees and of other stakeholders. Sif follows a strategy on sustainability with measurable targets for the period 2020- 2021 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 as indicated on page 25 of this annual report and by disclosing to and through Carbon Disclosure Project (CDP), MSCI and ISS.

In our business we use the following resources:

Facilities and procedures

Sif has two manufacturing facilities equipped with 47 Sif design welding machines and 8 rollers. The factory in Roermond is specialised in the manufacturing of cans and cones, transition pieces, pin piles, legs and pile sleeves with wall thicknesses up to 250mm. The cans and cones are transported down the river Maas to the assembly and coating facility in Rotterdam, where they are assembled into monopiles. The 10.8-hectare facilities in Roermond, of which currently 6.1 hectare buildings, is owned property dating back to 1972. The buildings were re-equipped and expanded in 2016 -2017. In 2017 a new facility and rolling machine went into service. The facilities in Roermond, are situated outside the dykes. There is no risk of flooding of the factory itself but acces can be restricted or limited in case of very high water-levels in the rivers as seen latest in 1993 and 1995. The facility in Rotterdam was constructed in 2015–2016 and is situated on 62 hectares leased property. Hereof, 20 hectares are leased since 2019. The Rotterdam facility is situated on reclaimed land. None of the factories are situated adjacent to protected land for bio-diversity.

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 since the dual-site manufacturing concept is operational and future plans to eventually expand outside Europe are prepared. 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.

The outbreak of the COVID19 pandemic also impacted site inspections and audits at suppliers. Most audits were performed remotely. In addition to several internal health and safety audits, six audits were executed at suppliers and potential suppliers, subcontractors, and business partners. By or on behalf of our clients, six audits on quality were carried out at Sif’s production sites.

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. In 2020 certificating institutions carried out seven audits at Sif in the context of ISO, VCA, EN and ASME certification. Certification in conformance with ISO 3834-2 is linked to ISO 9001 and has been subject to surveillance audits in 2020. 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.

‘Our people combine passionate craftmanship and innovative vision; ground breaking engineering with a passion for safe and flawless manufacturing’.

Social: human resources

In 2018 Sif 2.0 was launched. Sif 2.0 is the company culture program that prepares the employees for the future. The transformation of Sif from a single-site manufacturing company to a project- oriented total solutions provider of monopiles requires a different approach to information technology, to communication and to workplace behavior. 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.

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. Every new employee (permanent as well as temporary) receives a login for Sif-academy. He/she is obliged to follow safety-instructions through Sif-academy before starting at Sif. Once started at Sif, permanent employees maintain their 24/7-access-login for various e-learnings. These e-learnings include information on COVID19 and on working from home but also include training of skills, leadership, and communications. From 2021 an Onboarding program will be added to facilitate broader HSE-training opportunities. In addition, our manufacturing staff follow safety and first-aid training and job-related training such as hoisting and lifting, forklift truck, electrical etc. An annual amount of € 250,000 is budgeted for these trainings. An additional € 150,000 per annum is budgeted for 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. The target for 2021 is to reduce the LTIF to below 1.5 and TRIF to below 9.

> 'An annual € 1,200 per employee is budgeted for job-related training and personal development'

To be able to absorb the volatility inherent to the still relatively young mature 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. The increasing maturing of the industry will result in less volatility in utilization. Anticipating this development, Sif has started to rebalance the workforce in favor of more permanent jobs. This has resulted in the shift from flexible to permanent as indicated on page 56. 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-labor are limited. To support their health and well-being, all employees have access to a physiotherapist and to the company-doctor and are offered an annual medical check-up.

All Sif's employees are remunerated on the basis of one of the largest Collective Labor Agreement (CAO kleinmetaal) in the Dutch metal industry. Collective Labor 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 Labor 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 wage based on fair working hours regulations and assure fair employment conditions according to the applicable legislation.

Supply chain

Sustainable production of renewable energy sources requires a value-chain approach. More efficiency requires integrated design and production of foundations, towers, turbines and blades. Our clients select us on the basis of the level of value-addition to the end-product. Therefore, they audit us on our safety performance, quality, competences, processes, products, policies and financial health. Like we audit our suppliers and subcontractors on these items to safeguard a healthy, innovative supply-chain that engineers and manufactures state-of-the-art quality products and services.

The materials Sif uses the most during its production process are steel plate, flanges, welding wire, welding powder and utilities (water, industrial gas and electricity). The services Sif uses are corrosion prevention, non-destructive testing and transport. These materials and services are purchased from third parties, mostly European. Sif expects its supply-partners and sub-contractors to work in accordance with the principles laid-down in Sif's Code of Conduct. Application of these principles may deviate slightly due to geographical or cultural reasons.

MATERIALS USED DURING PRODUCTION

	2020	2019	2018	2017	2016
Steel (ton)	164,000	185,000	138,000	232,000	191,000
Welding powder (ton)	1,639	1,870	1,517	2,540	2,103
Welding wire (ton)	1,435	1,656	1,456	2,302	1,944

Employee Participation

Sif's employees are represented by an elected Works Council that is consulted on intended business-economic, strategic or organizational decisions by the Executive Board. Further more 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 labor 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 Company's general business progress is discussed take place in 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 Board is preparing and how it will involve the Works Council in the decision-making.

The Works Council has nine members. In 2020 the Works Council had six consultation meetings with the Executive Board. During three of these meetings the Executive Board presented and explained the strategy and the operations plan (January, February and September), The chairman of the Remuneration Committee of the Supervisory Board, in presence of the Executive Board, presented the draft remuneration policy (February). As of April, all meetings were held via Microsoft Teams. During these meetings the Health-Safety-Environment policies of Sif, the Job Evaluation System and the Sick Leave Policy were presented and discussed. The CFO explained the annual 2019 results and the interim 2020 results in June and September 2020 respectively. The member of the Supervisory Board representing the Works Council has attended two consultation meetings in 2020.

The Works Council was consulted or asked for assent on the appointment of a prevention officer, the introduction of a working hours registration system, the introduction of a job evaluation system and methodology, the new policy on absenteism, the revision of the house rules, the 2020 operations plan, the remuneration policy and the re-appointment of Supervisory Board member Peter Gerretse.

The Executive Board appreciates a strong relationship with the Works Council and 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 both the Executive and Supervisory Board.

Diversity

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

The Supervisory Board Profile as published on the Company's website defines the required expertise, experience and competences of the Supervisory Board members. The Board Profile matches the profiles of the individual Supervisory Board members. Sif's diversity policy for Executive Board and permanent staff is based on a best-candidate-for-the-job-basis. In case of equal capabilities, preference is given to female candidates. Although a more balanced division will be taken into account when filling positions, both in the Executive and Supervisory Boards as in staff positions, the nature of the industry combined with the geographical location of Sif and the presence of high- tech and industrial companies in the region make competition for female management and female Directors on Sif's Executive Board, but also for (technical) other staff positions fierce.

The majority of Sif's workforce, on the workfloor but also in project management and support staff, needs technical skills and education. The Dutch Education Council reported in October 2020 that the share of girls in the technology sector was lowest in VMBO (preparatory vocational education). About 9.6% of the girls in grades 3 and 4 of VMBO opted for a technical training. The proportion of women in MBO (secondary vocational education) was higher (19.4%). In higher professional education it was 18.7% and in university education 36.2% of the total number of students. The proportion of boys and men in health care training shows a mirror image. The Education Council found that gender segregation in technology and care is declining but that it is still reflected in the working environment.

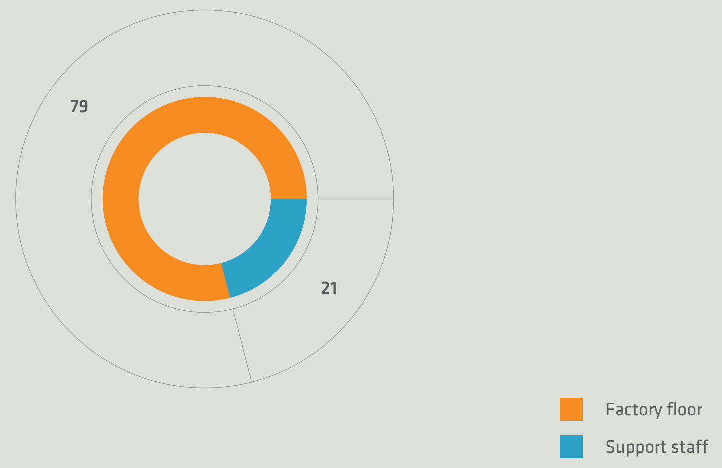
Sif pursues more balance in gender distribution, countries of origin as well as a broader spread and better balance in terms of age. Sif does not discriminate between men and women, native or immigrant, Dutch and foreign or otherwise in remuneration levels and applies the principle of equal opportunity and equal payment for equal work.

Sif employs people on the Company-paylist (permanent staff) or hired through external agencies (flexible staff). In 2020, based on year- end, our flexible staff was 44.8% compared to 51.5% at year-end 2019. At the end of 2020, the total workforce was 569 FTEs (full time equivalents) compared to 658 FTE at the end of 2019. 314 hereof are permanent employees and 255 flexible employees (end of 2019: 319 permanent and 339 flexible). The average number of permanent employees in 2020 was 315 FTE (295 FTE in 2019). Of our flexible workforce, 98% are factory workers (blue collar); of our permanent workforce, 65% is factory worker. The age structure of our permanent workforce is reflected in the pie-chart on page 57.

In the year under review, Sif had two Executive Board members and five Supervisory Board members. One Supervisory Board member (20%) is female. In 2022 the rotation schedule includes the resignation of two members of the Supervisory Board. At that occasion, Sif will bring the composition of the Supervisory Board in line with the future legal requirements on female representation i.a. at least one third male and at least one third female members. The Management Team of Sif has five members, Executive Board members included. Of the five members, one is female. In 2020, the female proportion of Sif's permanent staff averaged just over 7% (9% in 2019). In 2020 Sif did not employ people with disabilities or political refugees.

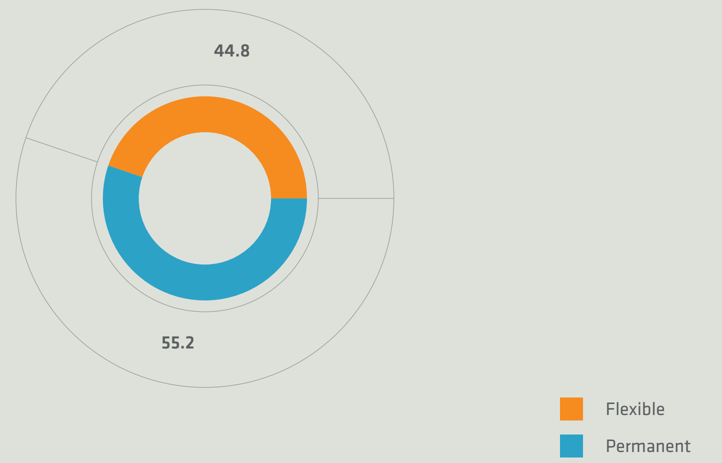
Staff distribution: factory floor – support staff

(IN %)



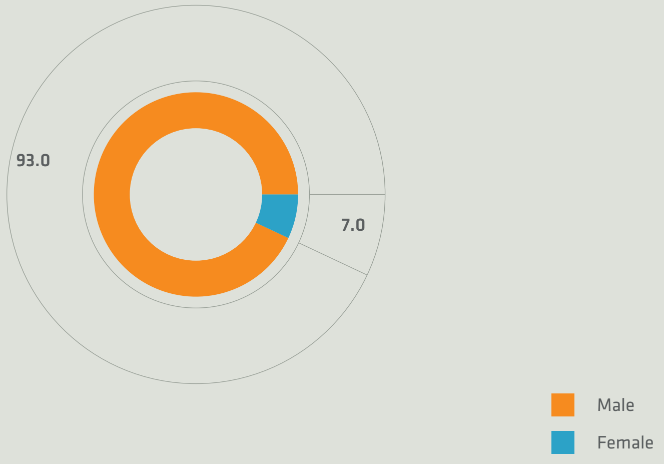
Staff distribution: flexible - permanent

(IN %)



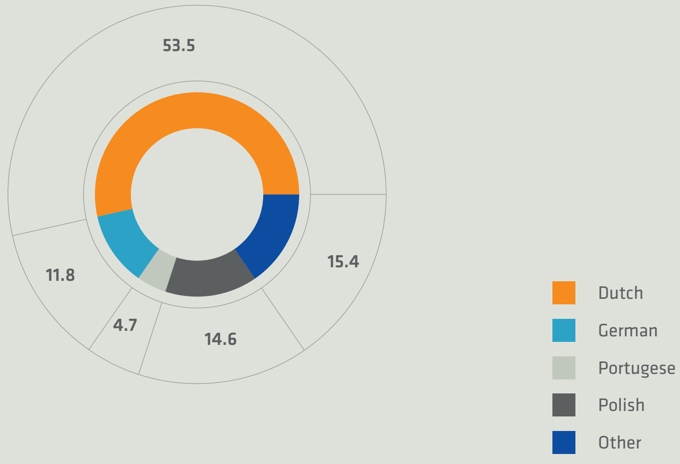
Gender distribution of permanent staff

(IN %)



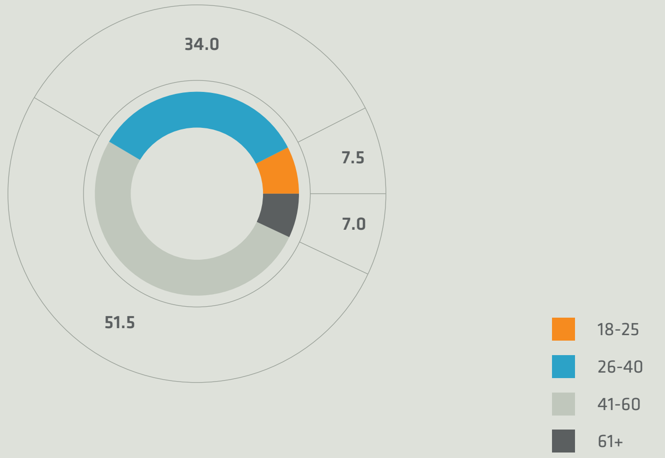
Staff distribution: nationalities

(IN %)



age distribution of permanent staff

(IN %)



‘Wind is our main energy solution, iron our main raw material used for steel plates and flanges as our main components’.

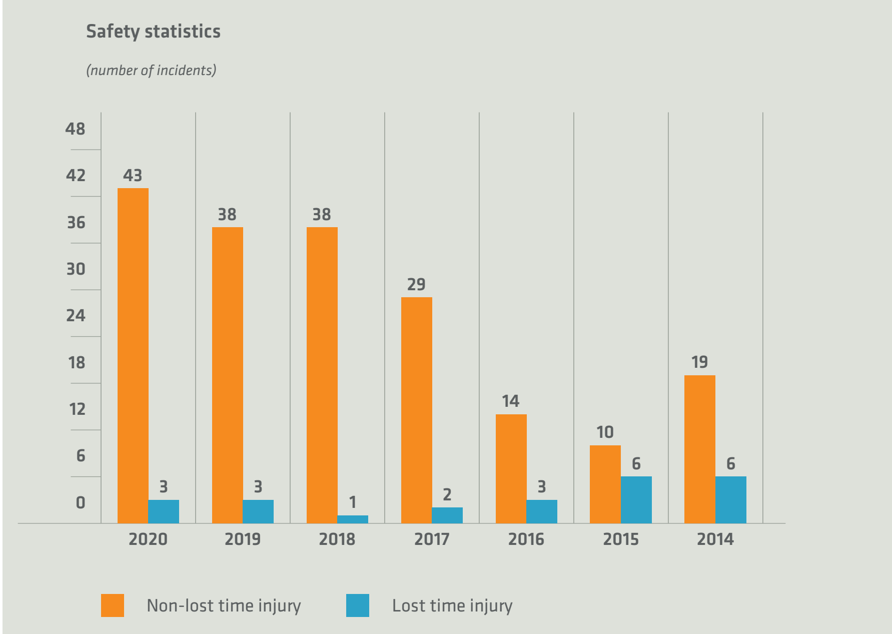
The aim of the safety-policy is to simply prevent accidents to happen to our employees or any one else working at or visiting our facilities. Sif constantly invests in safety. In recent years, our safety policy and investments have led to a reduction in the number of our lost time injuries frequency and near miss accidents. (Lost Time Injury Frequency (LTIF) = number of injuries per million manhours worked whereby the lost time due to an accident exceeds one day).

In 2020 LTIF ended at 2.48 (2.39 in 2019), caused by 3 Lost Time Injuries (LTI), which is well above the target for LTIF of less than 1.5. 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. The number of Total Recordable Injuries including first aid-treatments (TRI) ended at 46 in 2020 (41 in 2019). This resulted in a TRIF (Total Recordable Injury Frequency per million manhours worked) of 9.93 (19.1 in 2019) which is well below the target maximum of 15. Medical treatment or first aid was required in 31 cases out of the total of 46 versus 17 out of 41 in 2019. Further improvement will require a more proactive and broader-based safety culture that is embraced by all employees. The majority of safety-incidents occurred in our flex-worker community. This underpins the need for evaluation hereof. Rebalancing permanent and flexible staff is part of the improvement plan. In 2020 this balance shifted from 48.5% permanent in 2019 to 55.2% permanent in 2020. The ultimate goal is zero accidents and work-related illnesses: a 100% safe workplace. That will require beter supervision and staff-support and an integrated culture of safety-awareness.

Most of the incidents in 2020 resulted from a lack of attention while transporting or hoisting materials. An unsafe setup or alignment was the root cause. In most cases this resulted in injuries to arms, hands and fingers (54%) or legs and feet (20%). The remainder relates to injuries to head, face or torso. We are striving to reduce the number of incidents through incident-case discussions, better personal awareness and discipline on the use of safety equipment and personal protection gear and the continuous training of less experienced newcomers. In 2020 3,291 (1,571 in 2019) observations and recommendations were reported, analyzed and, in most situations, resulted in extra toolbox meetings and training or in working place or working method improvements. Most observations related to workplace tidiness and the correct use of hoisting equipment. In 2021 hoisting refreshment trainings will be organized for all workers that had this training in earlier years. In all cases a positive and stimulating approach is taken towards safety and people are encouraged to report unsafe situations. Basis for all improvement actions is an improved safety-culture and personal drive to work safe. For this reason, we have started a safety culture observation and improvement program with the assistance of an external expert. Only obvious willful ignorance of safety rules and methods may lead to disciplined measures.

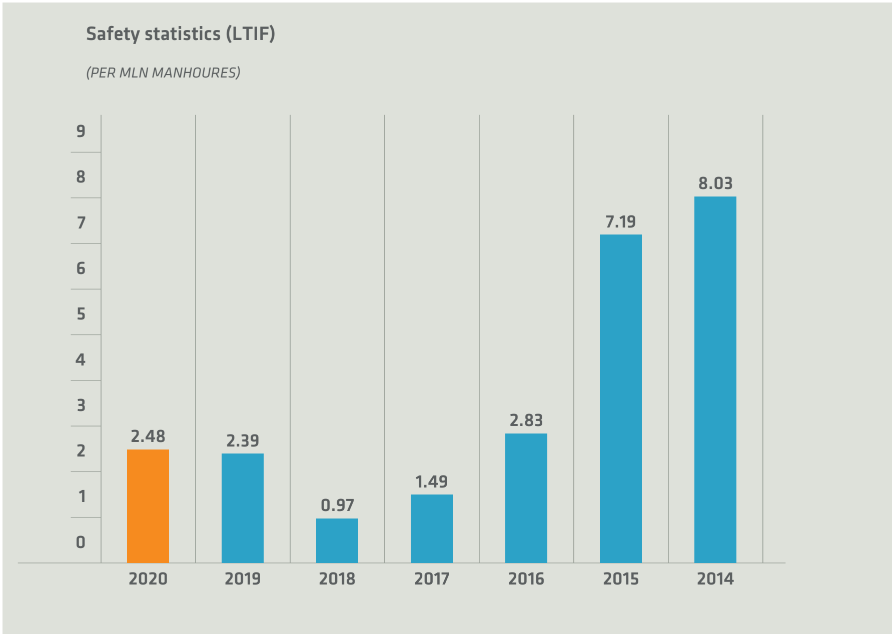
In 2020 absence for illness decreased to 5.50% (6.59% in 2019), which is on our 2020-target. The target for 2021 is max 5%. Main contributors to the absence rate were that people reported ill due to the outbreak of COVID19 in March 2020, not only when suffering symptoms of COVID19 but also those sent home by Sif as a precautionary measure. This resulted in absence rates of around 10% in the first half of 2020. Almost 20% of total sick leave percentage relates to employees between 60 and 65 years of age. Compared to previous years, there was less long-time (43-365 days) but relatively high medium length (8-42 days) absence. 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 labor vitality, lowered risk of sick leave and a better and safer working place. Of this 3-phase plan, the first phase was finished in 2020. Phases 2 started in November 2020 and will continue into 2021.

Unprecedented was the outbreak of the COVID19 pandemic in February 2020. Sif immediately installed a Corona Crisis Team (Management Team, HSE manager, Communications manager, Chairman Works Council) that had daily update meetings to discuss the situation at Sif, also in the light of governmental measures and actions. Immediate travel-restrictions were announced, workplace adjustments were made with workplace-dividers and social distancing-measures and information was shared through the portal and virtual meetings. For office-workers, work-at-home instructions applied. After some hesitation and uncertainty at the start, people got used to the new working-methods and production more or less normalized from April/May 2020 onwards.



SAFETY STATISTICS

	2020	2019	2018	2017	2016	2015	2014
LTI	3	3	1	2	3	6	6
TRI	46	41	38	29	14	10	19
LTIF (per mln hours worked)	2.48	2.39	0.97	1.49	2.83	7.19	8.03
TRIF (per mln hours worked)	9.93	19.1	15.6	15.7	9.4	12	17.4
Sickness leave %	5.50	6.59	7.24	4.46	4.00	4.02	4.77



‘The volatile nature of Sif’s business until 2020 required a certain balance in permanent and flexible workforce; the coming years the orderflow tends to stabilize.’

SIF ENVIRONMENTAL FOOTPRINT BASED ON 2016 = 100

PER KTON PRODUCED	2020	2019	2018	2017	2016
Steel plates (Kton)	164	185	138	232	191
Welding powder*	10.0	10.1	11.0	10.9	11.0
Welding wire*	8.8	8.9	10.6	9.9	10.2
Natural Gas m^3	2,239	2,861	4,465	3,328	4,984
Propane m^3	2,684	2,791	2,341	1,561	0
Electricity (Mwh)*	103.4	104.8	109.5	89.7	76.4
Water m^3	40.8	42.2	56.7	16.0	17.1
Scrap metal*	33.0	31.5	38.1	35.7	33.0
Oxygen m^3	8.7	9.7	10.0	9.6	7.8
*based on 2015=100					

Environmental: natural resources

Sif aims 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 these with sustainably generated electricity. The same applies for the quantity of waste. The products Sif uses the most of during the manufacturing process are shown below.

Water consumption per kton produced decreased by 3% in 2020 from 42.2m3/kton in 2019 to 40.8m3/Kkton. The water is mostly used at the Maasvlakte 2 location where monopiles are cleaned as part of the coating process.

In 2020 four environmental incidents (eight incidents in 2019) were reported, all involving oil-spills that were isolated and cleaned, in two situations with aid of specialized contractors. They mostly were caused by leaking hydraulic systems (hoses or links). To prepare for oil-spill incidents, BHV-trainings were organized in 2020 to anticipate spill situations and required salvage actions.

In 2020 Sif used 55,958,452 Megajoule energy (69,089,788 MegaJoule in 2019) in its production process. The change relates to the lower quantity of steel processed. Consumption per Kton steel decreased by little more than 8%. The target is to produce energy neutral.

At the end of 2019, the 12 MW GE wind turbine started production of electricity at our Maasvlakte 2 production site. Electricity used by Sif in 2020 was entirely produced by wind and therefore, on balance, fully carbon dioxide neutral. Carbon dioxide emission by Sif were as follows over the past years.

SIF CO2 FOOTPRINT

	2020	2019	2018	2017	2016
Production Kton	164	185	138	232	191
Gross CO2 emission	3157	4392	5865	16643	9849
Net CO2 emission	0	3990	2536	16643	9849
Gross kg per Kton	19.3	23.7	42.4	71.7	51.6

Gross CO2 emission for 3,313 ton (96%) relates to fuel consumtion for heating, machinery and transport (Scope 1). This was 4,064 ton or 92.5% in 2019. The remaining 138 ton or 4% relates to business travel (scope 3). This was 328 ton or 7.5% in 2019. Sif produced 12,042,195 Kwh green electricity which is the equivalent of 6,696 ton CO2. Net CO2 emission therefor was -3,245 ton in 2020. Environmental management systems are in accordance with ISO 14001. The facilities in Roermond comply with EU Directive 2010/75/EU (industrial emissions).

Economic: financial resources

Sif applies financial resources that are provided by equity owners of the Company (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 working capital requirement of close to or just below zero.

'In addition to corporate tax, € 11,107 thousand was remitted in VAT, € 8,864 thousand was withheld for income tax and € 1,813 thousand was paid to the municipality for property tax'.

Sif has had debt and guarantee facilities in 2020 with a banking consortium comprising ABN AMRO, Euler-Hermes, ING, Rabobank and Tokio Marine with an expiry date 31 March 2022. Early 2021 Sif and the banking consortium agreed on an extension of the facilities by two years, therefor now expiring 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.

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%
*normalized for IFRS16 effects	

Financial performance

To assess and monitor Sif's underlying financial performance, the Company's management uses certain non-IFRS financial indicators, such as contribution and EBITDA. (reference is made to the Glossary in the 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 IFRS16 effects. This mainly relates to the landlease at Maasvlakte 2.

ACTIVITY LEVELS AND PROFITABILITY

AMOUNTS IN EUR '000	2020					2019				
	Wind	Oil & Gas	Marshalling	Other	Total	Wind	Oil & Gas	Marshalling	Other	Total
Revenue from contracts with customers:										
- Revenue from construction contracts	316,671	10,273	3,122	64	330,130	310,511	9,653	1,116	1,330	322,610
- Operational lease income	-	-	3,627	1,676	5,303	-	-	1,478	1,512	2,990
Total revenue from contracts with customers	316,671	10,273	6,749	1,740	335,433	310,511	9,653	2,594	2,842	325,600
Segment contribution	92,503	5,199	1,780	2,110	101,592	91,360	6,012	1,144	3,001	101,517
Gross profit	57,413	1,889	1,780	2,030	63,112	51,330	1,936	287	3,254	56,807
Indirect personnel expenses					(20,888)					(19,275)
Depreciation and impairment					(20,348)					(17,207)
Facilities, housing & maintenance					(5,125)					(5,372)
Selling expenses					(1,018)					(994)
General expenses					(4,325)					(4,795)
Net finance costs					(2,398)					(2,689)
Joint ventures					(61)					53
Total profit before tax					**8,949**					**6,528**

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 UK, USA and Japan. If paid in other currencies, Sif applies hedging instruments. 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, contribution and contribution per Kton 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 most cases this is not applicable.

In 2020 contribution (revenue minus the cost of raw materials, subcontracted work, other external charges and logistic and other project-related expenses) almost equalled 2019's contribution. Of total contribution, €1.780 million was generated by marshalling activities (€ 1.144 million in 2019). Contribution per Kton throughput, corrected for marshalling activities, increased to € 609/ton (2019: € 542/ton). The increase by more than 12% reflects the improving pricing-environment.

'At 11% less KTon production and almost equal contribution, contribution per ton increased by almost 12% to € 609 in 2020.'

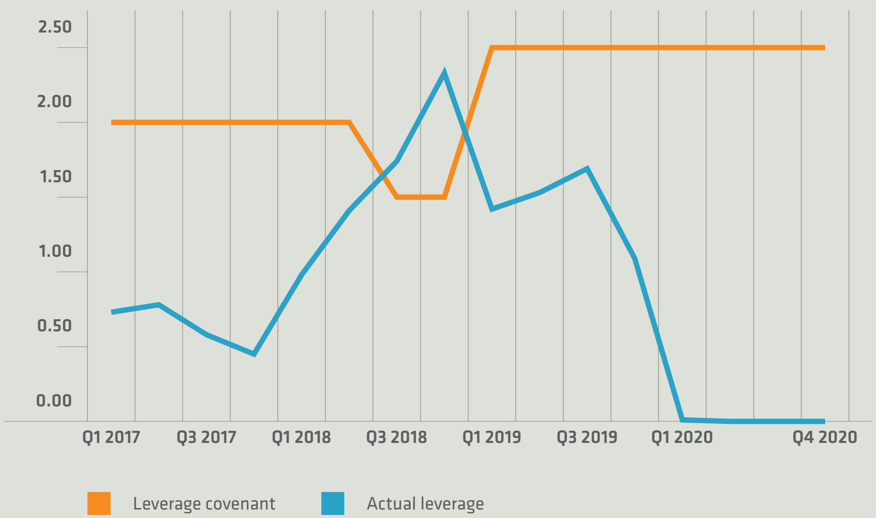
After direct personnel expenses, overhead and production & general manufacturing expenses this resulted in gross profit of € 63.1 million (18.8% of total revenues) compared to € 56.8 million (17.5% of total revenues) in 2019. Included in production and general manufacturing expenses are maintenance of machinery, gas consumption, energy consumption, support materials and inventory of critical spareparts. The 10.6% lower direct personel and 20.4% lower production and general manufacturing expenses relate to the 11.4% lower production output in particularly the first half when the outbreak of the pandemic caused higher absence rates and efficiency suffered from the replacement of the Vineyard project by two other projects. Sif did not apply for subsidies or other pandemic-related government- or lendersupport. EBITDA in 2020 arrived at € 31.8 million (9.5% of total revenues) compared to € 26.4 million (8.1% of total revenues) in 2019. The IFRS 16 impact on EBITDA is + €6.6 million (€4.3 million in 2019).

RESULTS FROM OPERATIONS

X € 1,000	2020	2019
Revenues	335,433	325,600
Raw materials	130,437	151,357
Subcontracted	82,510	47,732
Logistics and other project related	20,894	24,994
Contribution	101,592	101,517
Direct personnel	27,091	30,332
Production, general manufacturing	11,389	14,378
Gross profit	63,112	56,807
Indirect personnel	20,888	19,275
Facilities, housing	5,125	5,372
SG&A	5,343	5,789
EBITDA	31,756	26,371
Depreciation & amortization	20,348	17,207
Operating result (EBIT)	11,408	9,164
Net financing expenses	2,398	2,689
Share in profit of joint ventures	61	-53
Income tax	1,376	818
Total income	7,573	5,710
Non-controlling interests	302	222
Net earnings	7,271	5,488

The covenant ratios are based on results and balance sheet corrected for IFRS16 effects. Leverage amounted to 0.00 (1.04 in 2019), with covenant at 2.5. Solvency was 50% as at 31 December 2020 (47% as at 31 December 2019), with covenant at 35%.

Convenant discipline over time



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. The value of shaping the steel plates into cylinders 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 € 82 million were realized in the Netherlands, € 108 million in other EU countries and € 145 million in the rest of the world (€ 126 million and € 6 million respectively in 2019).

Processing in the Netherlands is done by employees who are 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 2020 this amounted to € 1.4 million (€ 0.8 million in 2019). 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 € 0.9 million in 2020. Sif's effective tax burden in 2020 was 15.4% compared to 12.5% in 2019. Sif does not use tax-haven constructions.

Depreciation and amortization

In 2020, Sif invested € 5 million in tangible and intangible fixed assets (€ 21 million in 2019). 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 IFRS16 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 IFRS16 in comparison to Dutch GAAP is approximately € 7 million on EBITDA in 2020. The effect on net debt amounts to approximately € 50 million. Due to IFRS 16 depreciation increased by approximately € 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 -€ 2.9 million at the end of 2020 compared to € 4.3 million at the end of 2019. 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 2020 amounted to € 2.6 million compared to € 1.6 million at the end of 2019. Despite the fact that Sif did not use financial instruments in the year 2020, Sif may use financial instruments to reduce risks related to interest rate volatility if required. Sif applies a non-speculative approach in this respect.

CASH FLOW SUMMARY

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

Net debt, Solvency

Net debt at the end of 2020 was -€2.6 million on an ex-IFRS16 basis and €52.1 million under IFRS16 reporting. The difference is largely determined by the lease of land at Maasvlakte 2 Rotterdam, lease-commitments for which are amortised on the balance sheet. At the end of 2020 total equity (paid-in capital + retained earnings + non-controlling interests) amounted to € 94.9 million on a ex-IFRS 16 balance sheet total of € 175 million (solvency of 50%) compared to € 86.7 million on a balance sheet total of € 184.4 million (solvency of 47%) at the end of 2019. When determined on IFRS16 basis total equity amounted to € 94.3 million which gives a solvency of 39.0% on a balance sheet total of € 241.8 million.

Financial Outlook

The orderbook at the date of signature of this annual report extends well into 2023 with utilization at 85-90% of capacity based on 24/5 working weeks and zero utilization of Oil & Gas production lines. The sizes of the projects are such that production efficiency should benefit from long learning-curves. Also, beyond 2023 market conditions look favorable. The drive for larger capacity per unit will eventually lead to investements 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 decision late first half of 2021.

Annual maintenance CAPEX will be € 5-6 million and annual depreciation close to € 21 million.

Governance

Sif is subject to the Full Large Company Regime ('Volledig Structuurregime') as is required by Dutch law and has a two-tier board structure. Most important rights and duties 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 the company, the approval of the remuneration policy, the appointment of Supervisory Board directors, the remuneration of Supervisory Board directors, distribution of a dividend, amendments to the articles of association, adoption of the annual accounts, discharge of Executive and Supervisory Board directors and instruction of an auditor. Sif endorses the principles of the Dutch Corporate Governance Code 2016 (the 'Code') and applies virtually all the best practice provisions of the Code. Non-compliance is explained on page 68 and on the website of Sif under the Corporate Governance parapraph.

Board responsibilities

The Executive Board with CEO and CFO is responsible for the day-to-day management of the Company. The powers of the Executive Board are set out in the 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 Management Board Rules are posted on Sif's website on the Corporate Governance page.

The Supervisory Board primarily supervises the implementation of the strategy for long-term value creation by the Executive Board and advises the Executive Board in the day-to-day management. In performing this task, the Supervisory Board serves the interests of all the Company's stakeholders; owners, clients, employees, suppliers and society. The Supervisory Board Rules that define these duties, roles and responsibilities of the Supervisory Board are included in the Corporate Governance section of Sif's website. This implies 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 Supervisory and Executive Board members.

Sif 's Supervisory Board, in accordance with Article 10 of the Supervisory Board Charter, can install Supervisory Board Committees. The committees all have their own set of rules defining their conduct namely; Audit Committee Rules and Remuneration Committee Rules, which are both posted on Sif's website under the Corporate Governance pages. 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 Company'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 Supervisory Board's remuneration report.

The Audit Committee Rules define the duties, roles and responsibilities of the Audit Committee and include supervising the effectiveness of the internal riskmanagement 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 and Supervisory Board members
The rules governing the appointment and resignation of Board members are included in the Articles of Association. To summarize these rules: members of the Supervisory Board are appointed by the General Meeting of Shareholders with certain rights of (enforced) recommendation for the Supervisory Board, the largest shareholder of Sif and for the Works Council. Both the General Meeting of Shareholders and the Works Council can object to nominated candidates by the Supervisory Board but these objections may be ignored. Members of the Executive Board are appointed by the Supervisory Board following notification of the General Meeting of Shareholders of a proposed appointment. Appointments for Executive and Supervisory Board members are generally for a period of four years. The Supervisory Board elects an Executive Board member to be the 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 the Company’s website.

The aim of Sif’s Remuneration policy is to attract, motivate and retain qualified managers with relevant experience. The 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 the company’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 shares. To ensure market competitiveness of remuneration, Sif offers a remuneration package around the median level of the market with a defined peergroup of industry peers plus 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 basic 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 the company (one calendar year). Maximum 60% of fixed basic salary for CEO of which as a starting point 50% dependent upon achievement of financial targets and 50% dependant on personal targets and maximum 50% of fixed basic salary for CFO of which as a starting point 77% dependent on financial targets and 23% on personal targets. Financial targets may include EBIT, contribution, ROACE, net debt. Personal targets may include safety, 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 basic salary;
d. A Long-Term Incentive Plan (LTIP). Based on discretionary award of Performance Share Units, granted to a maximum pay-out of 20% of fixed basic salary annually with a three-year vesting period, conditional upon employment. The discretionary award is based on financial and/or non-financial KPIs that may vary from year-to-year in both kind and quantity.
   Settlement in principle is in cash with an option to settle in shares. 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;
   e. Members of the Executive Board 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. The Company has no actual or potential anti-takeover measures or change-of-control clauses in place. Sif and Egeria Industrials AG (‘Egeria’) have entered into a Partnership Agreement. The main elements of this Agreement relate to the composition of the Supervisory Board and the Board’s committees. The Partnership 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 Partnership Agreement will terminate once Egeria ceases to hold at least 20% of the shares in Sif.

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

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 Supervisory and Executive 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, Sif will bring its Supervisory Board in line with diversity laws and regulations.
- 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 the 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 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. Fair dealing also implies that insider trading regulations are observed. New employees are instructed on this when hired. In 2020, Sif incurred no legal or other expenses that relate to a possible violation of these principles.

Sif has joined the Offshore Wind Foundation Coalition, 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 from 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. The Sif business environment is mainly North West 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". 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, 10-13 deal with environmental impact, the obligation of record keeping of all financial transactions. Efficient and legitimate use of company property & resources, e- mail and Internet usage for professional purposes only is pursued and use of corporate opportunities for personal benefits are prohibited.

Our Whistle blower's 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 2020 and no violations of the Code of Conduct were assessed. Programs to further embed the Code of Conduct in the organisation have started during 2018 as part of the Sif 2.0 program and were continued in 2020.

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: '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 Holding N.V. and the group companies included in the consolidation;
5. The report of the Executive Board as included in this report provides a true and fair view of the situation on the balance sheet date, the business development during the financial year of Sif Holding N.V. and of its affiliated group companies included in the financial statements. The Report of the Executive Board describes the material risk to which Sif Holding N.V. is exposed;

6. The report of the Executive Board states those material risks and uncertainties that to the best of our knowledge are relevant to the expectation of the company's continuity for the period of twelve months after the preparation of the report.

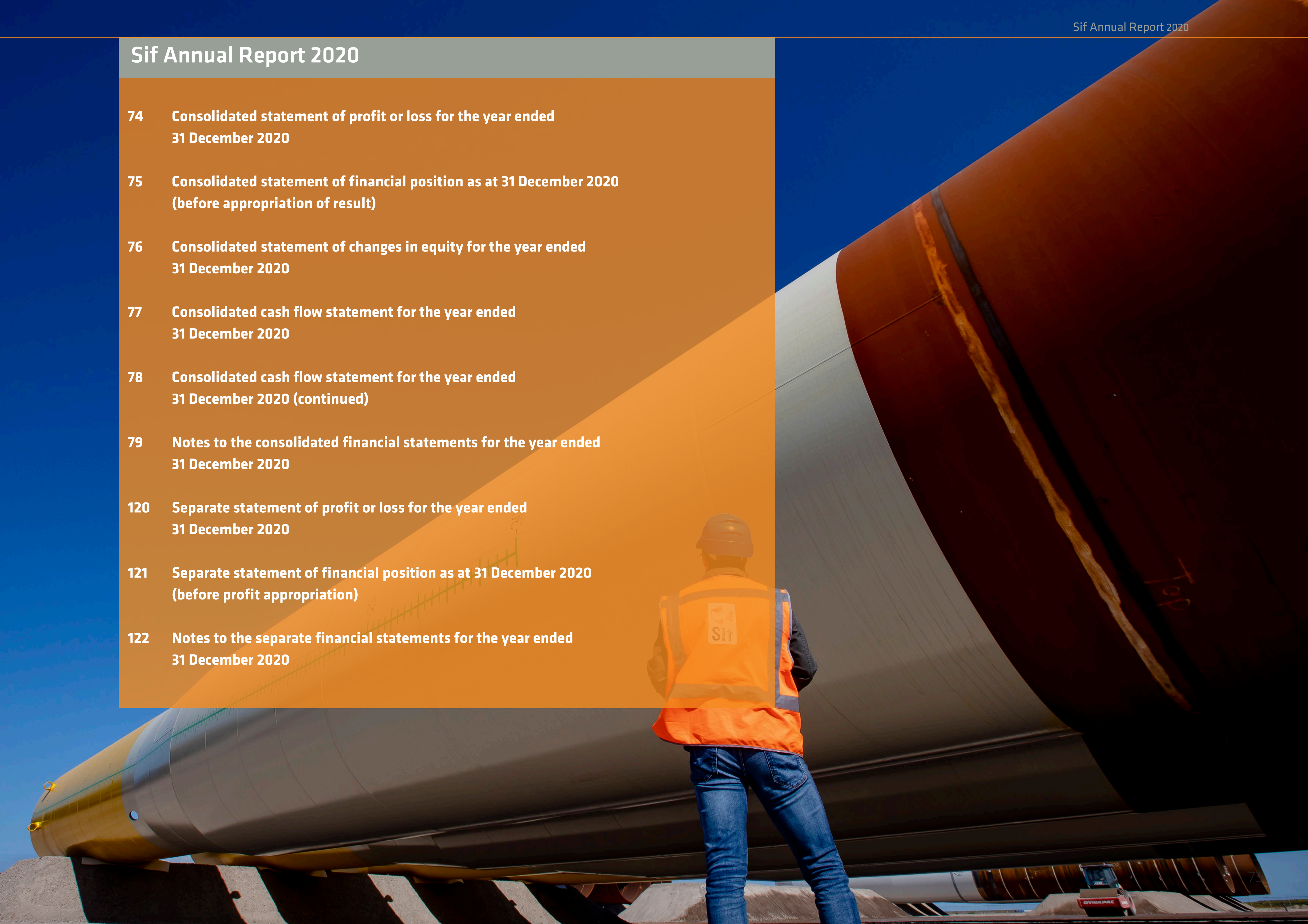
Roermond, 11 March 2021
Fred van Beers (CEO)
Leon Verweij (CFO)

FINANCIAL CALENDAR 2021

14	April	AGM record date
10	May	Deadline for registration or voting for AGM
12	May	Release of Q1 2021 trading update
12	May	Annual General Meeting of Shareholders
14	May	Quotation ex-dividend
17	May	Dividend record date
21	May	Payment of net dividend to Financial Intermediaries for distribution to shareholders
21	May	Payout of gross dividend to large shareholders
28	August	Publication of 2021 interim results
5	November	Publication of Q3 2021 trading update


DOT
HKN-00
45
EMA

Sif Annual Report 2020



Consolidated statement of profit or loss for the year ended 31 December 2020

AMOUNTS IN EUR '000	Notes	2020	2020	2019	2019
Total revenue from contracts with customers	6		335,433		325,600
Raw materials		130,437		151,357	
Subcontracted work and other external charges		82,510		47,732	
Logistic and other project related expenses		20,894		24,994	
Direct personnel expenses	7	27,091		30,332	
Production and general manufacturing expenses		11,389		14,378	
Indirect personnel expenses	7	20,888		19,275	
Depreciation and amortization		20,348		17,207	
Facilities, housing and maintenance		5,125		5,372	
Selling expenses	8	1,018		994	
General expenses	9	4,325		4,795	
Operating profit			11,408		9,164
Impairment losses on financial assets		(2)		(22)	
Finance costs	10	(2,396)		(2,667)	
Finance costs and impairment losses			(2,398)		(2,689)
Share of profit of an associate and joint ventures	11, 17		(61)		53
Profit before tax			8,949		6,528
Income tax expense	12		1,376		818
Profit after tax			**7,573**		**5,710**
Attributable to:					
Non-controlling interests	22		302		222
Equity holders of Sif Holding N.V.			7,271		5,488
Profit after tax			**7,573**		**5,710**
Earnings per share	13				
Number of ordinary shares outstanding			25,501,356		25,501,356
Basic earnings per share (EUR)			0.29		0.22
Diluted earnings per share (EUR)			0.29		0.22

Consolidated statement of financial position as at 31 December 2020 (before appropriation of result)

AMOUNTS IN EUR '000	Notes	31-Dec-2020	31-Dec-2019
Assets			
Intangible fixed assets	14	1,265	1,609
Property, plant and equipment	15	110,340	119,459
Right-of-use assets	30	51,902	56,567
Investment property	16	400	400
Investments in joint ventures	17	33	94
Deferred tax asset	12	349	181
Total non-current assets		164,289	178,310
Inventories	18	375	312
Contract assets	19	29,555	13,345
Trade receivables	20	43,661	45,242
Other current financial assets		15	20
Prepayments		1,307	803
CIT receivable		-	2,376
Cash and cash equivalents	21	2,645	1,579
Total current assets		77,558	63,677
Total assets		**241,847**	**241,987**

AMOUNTS IN EUR '000	Notes	31-Dec-2020	31-Dec-2019
Equity			
Share capital	22	5,100	5,100
Additional paid-in capital	22	1,059	1,059
Retained earnings		80,316	74,828
Result for the year		7,271	5,488
Equity attributable to shareholder		93,746	86,475
Non-controlling interests		524	222
Total equity		94,270	86,697
Liabilities			
Revolving credit facility - non-current	23	-	22,872
Lease Liabilities - non-current	23, 30	50,139	54,255
Employee benefits - non-current	26	273	287
Other non-current liabilities	27	1,484	1,487
Total non-current liabilities		51,896	78,901
Lease Liabilities - current	23, 30	4,625	4,743
Trade payables		63,438	37,733
Contract Liabilities	19	14,319	17,625
Employee benefits - current	26	2,042	2,390
Wage tax and social security		1,557	317
VAT payable		5,482	1,731
CIT payable		498	-
Other current liabilities	27	3,720	11,850
Total current liabilities		95,681	76,389
Total liabilities		147,577	155,290
Total equity and liabilities		**241,847**	**241,987**

Consolidated statement of changes in equity for the year ended 31 December 2020

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 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 as at 31 December 2020	**5,100**	**1,059**	**80,316**	**7,271**	**93,746**	**524**	**94,270**
Balance as at 1 January 2019	5,100	1,059	79,429	(2,051)	83,537	-	83,537
Appropriation of result	-	-	(2,051)	2,051	-	-	-
Total comprehensive income							
Profit attributable to the shareholder	-	-	-	5,488	5,488	222	5,710
Total comprehensive income	-	-	-	5,488	5,488	222	5,710
Transactions with owners of the Company							
Dividend distributions	-	-	(2,550)	-	(2,550)	-	(2,550)
Total transactions with owners of the Company	-	-	(2,550)	-	(2,550)	-	(2,550)
Balance at 31 December 2019	**5,100**	**1,059**	**74,828**	**5,488**	**86,475**	**222**	**86,697**

Consolidated cash flow statement for the year ended 31 December 2020

AMOUNTS IN EUR '000	2020	2019
Cash flows from operating activities		
Profit before tax	8,949	6,528
Adjustments for:		
Depreciation and amortization of Property, Plant and Equipment	15,051	12,773
Depreciation of right-of-use assets	5,297	4,434
Unrealised changes in joint ventures	61	(53)
Impairment losses on financial assets	2	-
Net finance costs	2,396	2,667
Changes in net working capital		
o Inventories	(63)	55
o Contract assets and liabilities	(19,516)	12,092
o Trade receivables	1,579	2,366
o Prepayments	(1,007)	431
o Trade payables	18,716	(721)
Total changes in net working capital	(291)	14,223
VAT payable and receivable	3,751	(2,545)
Other financial assets	5	-
Employee benefits	(362)	807
Provisions	-	(263)
Wage tax and social security	1,240	(1,154)
Other liabilities	(2,099)	(984)
Income taxes received / (paid)	1,330	(2,913)
Interest received / (paid)	(994)	(2,667)
Net cash from operating activities	**34,336**	**30,853**

Consolidated cash flow statement for the year ended 31 December 2020 (continued)

AMOUNTS IN EUR '000	2020	2019
Cash flows from investing activities		
Purchase of intangible fixed assets	(277)	(417)
Purchase of property, plant and equipment	(4,650)	(14,138)
Loans and borrowings to joint ventures	-	70
Net cash from (used in) investing activities	**(4,927)**	**(14,485)**
Cash flows from financing activities		
Movements in revolving credit facility	(22,698)	(8,490)
Proceeds from new borrowing	-	80
Payment of lease liabilities	(5,645)	(4,334)
Dividends	-	(2,550)
Net cash from (used in) financing activities	**(28,343)**	**(15,294)**
Net increase / (decrease) in cash and cash equivalents	1,066	1,074
Cash and cash equivalents at 1 January	1,579	505
Cash and cash equivalents at 31 December	**2,645**	**1,579**

Notes to the consolidated financial statements for the year ended 31 December 2020

1 Reporting entity

Sif Holding N.V. (the 'Company') is a 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 29. 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 2020, were authorised for issue in accordance with a resolution of the Executive Board on 11 March 2021.

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

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 have 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.

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 fully contracted until halfway 2023 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.

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.

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.

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.

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

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, Oil & Gas 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 6 Operating segments).

Leases

The Group rents warehouse/factory facilities 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 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 30 July 2019 and will end on 1 July 2041 (also cancellable as per 1 July 2021 and as per 1 July 2031).

Extension options or cancelation 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).

No changes have been made in these estimates in 2020.

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 (see note 26 employee benefits).

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 2020. 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.

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 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. 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.

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. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame. The variable considerations are relatively limited, as the company 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.

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. In accordance with IFRS 15, 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 as contract costs:

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.

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.

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

Intangible assets (software) are 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.

The estimated useful lives of intangible assets for current and comparative periods are as follows:

> Software 3 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 the respective section above.

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).

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 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

Amendments to IFRS 9 Financial Instruments, IFRS 7 Financial Instruments: Disclosures and IAS 39 Financial Instruments: Recognition and measurement - Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

The effective date of the amendments is for annual periods beginning on or after 1 January 2020. The requirements must be applied retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight.

These amendments had no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

Amendments to IFRS 16 Leases – Covid-19 related rent concessions

The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not yet authorised for issue at 28 May 2020.

As the Group has not received any rent concessions, these amendments have no impact on the Group’s consolidated financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of material

The amendments provide a new definition of material that states, “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

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

Companies are required to apply the amendments for annual periods beginning on or after 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 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.

Per the date of these financial statements this amendment has not been endorsed by the EU.

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.

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 to IFRS 9, IFRS 7, IAS 39, IFRS 4 and IFRS 16 provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. The amendments also provide a relief for contractual modifications or changes to cash flows that are directly required by the reform and is required to be applied by entities applying IFRS 4 that are using the exemption from IFRS 9 and for IFRS 16 lease modifications required by the IBOR reform. The amendments provide temporary relief to entities from having to meet the separately identifiable requirement when an nearly risk-free rate (RFR) instrument is designated as a hedge of a risk component.

The effective date of the amendments is for annual periods beginning on or after 1 January 2021. The requirements must be applied retrospectively. Hedging relationships must be reinstated once an entity first applies the amendments if the hedging relationship was discontinued solely due to changes required by IBOR reform and it would not have been discontinued if the phase two amendments had been applied at that time. An entity is not required to restate prior periods.

The Group is currently assessing the impact of these amendments.

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 Operating segments

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

- Wind, which produces and delivers monopiles, transition pieces or other foundation components for the off-shore wind industry;
- Oil and Gas, which produces and delivers piles, pile sleeves, pin-piles etcetera for application in the oil and gas 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	2020					2019				
	Wind	Oil & Gas	Marshalling	Other	Total	Wind	Oil & Gas	Marshalling	Other	Total
Revenue from contracts with customers:										
- Revenue from construction contracts	316,671	10,273	3,122	64	330,130	310,511	9,653	1,116	1,330	322,610
- Operational lease income	-	-	3,627	1,676	5,303	-	-	1,478	1,512	2,990
Total revenue from contracts with customers	316,671	10,273	6,749	1,740	335,433	310,511	9,653	2,594	2,842	325,600
Segment contribution	92,503	5,199	1,780	2,110	101,592	91,360	6,012	1,144	3,001	101,517
Gross profit	57,413	1,889	1,780	2,030	63,112	51,330	1,936	287	3,254	56,807
Indirect personnel expenses					(20,888)					(19,275)
Depreciation and impairment					(20,348)					(17,207)
Facilities, housing & maintenance					(5,125)					(5,372)
Selling expenses					(1,018)					(994)
General expenses					(4,325)					(4,795)
Net finance costs					(2,398)					(2,689)
Joint ventures					(61)					53
Total profit before tax					**8,949**					**6,528**

Geographical information

The Wind, Oil and Gas, 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 and Europe. As the Brexit is formally in place as per 31 December 2020, revenue with contract partners in the UK is classified in Europe outside the EU. 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	2020	2019
The Netherlands	81,637	193,536
All foreign countries:		
European Union (EU)	108,393	126,105
Rest of the world	145,403	5,959
Total revenue from contracts with customers	**335,433**	**325,600**

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 four customers of the Group's Wind segment represented approximately EUR 292 million (2019: three customers EUR 252 million) of the Group's total revenues. 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. In 2019 the largest customer represented a revenue of approximately EUR 116 million, the second customer approximately EUR 75 million and the third customer approximately EUR 61 million.

7 Personnel expenses

AMOUNTS IN EUR '000	2020	2019
Wages and salaries	20,542	19,576
Hired staff and temporary workers	18,241	20,576
Compensation/grants received	(57)	(100)
Social security contributions	2,938	2,895
Pension expenses	2,724	2,499
Other employee benefit expenses	3,591	4,161
	47,979	**49,607**

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 2020 amounted to 95,4% (2019: 98.8%). The 2020 pension premium has remained at a level similar to the 2019 premiums. The Group's participation in the industry pension fund is less than 0.05 % (2019: 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 2,9 million in 2021.

Number of employees

The average number of employees employed by the Group in 2020 amounts to 315 FTE (2019: 295 FTE). The table below provides an overview of the average number of FTE split per functional area. All employees are based in the Netherlands.

	2020	2019
Production and distribution	165	171
Innovation and maintenance	34	26
Logistic services	25	18
Planning and engineering	17	13
Quality and safety	10	11
Sales	12	12
Management	6	6
Purchasing and warehousing	14	9
Administrative	7	7
Other	25	22
	315	**295**

8 Selling expenses

AMOUNTS IN EUR '000	2020	2019
Travel and representation	98	333
Promotional and advertising costs	174	316
Tender expenses	537	33
Other selling expenses	209	312
	1,018	**994**

The tender expenses increased as some larger tenders during 2020 required external engineering services.

9 General expenses

AMOUNTS IN EUR '000	2020	2019
Consultancy fees	1,158	1,075
Insurances	1,826	1,789
Software, license fees	840	789
Office expenses	438	430
Other general expenses	63	712
	4,325	**4,795**

The 2019 specification was restated to reflect the 2020 presentation.

10 Net finance costs

AMOUNTS IN EUR '000	2020	2019
Interest on loans and borrowings	(235)	(470)
Borrowing cost finance facility	(329)	(478)
Interest expense on lease liabilities	(1,072)	(877)
Other finance costs	(760)	(842)
Finance costs	(2,396)	(2,667)
Net finance costs recognised in profit or loss	**(2,396)**	**(2,667)**

11 Share of profit of an associate and joint ventures

For the year 2020 the result of the Group from joint ventures was EUR 61 negative (2019: EUR 53 positive). The amount consists of EUR 14 negative related to SBR Engineering GmbH (2019: EUR 8 positive) and EUR 47 negative from Smulders Sif Steel Foundations B.V. (2019: EUR 45 positive) (see note 17).

12 Income tax expense

Income tax recognised in profit or loss

AMOUNTS IN EUR '000	2020	2019
Current year income tax charge	2,016	1,741
Movement in tax balances	(168)	(262)
Prior year adjustment	(472)	(661)
Tax expense recognized in statement of profit & loss	**1,376**	**818**

The prior year adjustment relates to a gain from 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	Recognised in profit or loss	Net balance at 31 December	Deferred tax assets and liabilities
2020				
Property, plant and equipment	(73)	2	(71)	(71)
Right of use assets and lease liabilities	244	166	410	410
Investment property	10	-	10	10
Tax assets (liabilities) after netting	**181**	**168**	**349**	**349**

AMOUNTS IN EUR '000	Net balance at 1 January	Recognised in profit or loss	Net balance at 31 December	Deferred tax assets and liabilities
2019				
Property, plant and equipment	(90)	17	(73)	(73)
Right of use assets and lease liabilities	-	244	244	244
Investment property	10	-	10	10
Tax assets (liabilities) after netting	**(80)**	**261**	**181**	**181**

Unrecognised deferred tax assets and liabilities

At 31 December 2020 and 31 December 2019, the Group has recognised all deferred tax assets and liabilities applicable to the Group.

Reconciliation of effective tax rate

%	2020	2019
Tax using the Company's domestic tax rate	24.7	24.6
Reduction in tax rates due to tax incentives prior year	(5.2)	(10.2)
Reduction in tax rates due to tax incentives	(4.3)	(2.0)
Participation Exemption	(0.2)	(0.2)
Non tax deductible expenses	0.4	0.3
Effective tax rate	**15.4**	**12.5**

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 gains are partly related to previous years and partly to the year 2020.

13 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

	2020	2019
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 5,100, consisting of 25,501,356 shares with a nominal value of EUR 0.20 (20 eurocents per share).

14 Intangible assets

Reconciliation of the carrying amount

AMOUNTS IN EUR '000	Software
Cost	
Balance at 1 January 2019	1,347
Additions	418
Disposals	-
Balance at 31 December 2019	1,765
Balance at 1 January 2020	1,765
Additions	277
Disposals	-
Balance at 31 December 2020	**2,042**
Accumulated depreciation	
Balance at 1 January 2019	(117)
Depreciation	(39)
Disposals	-
Balance at 31 December 2019	**(156)**
Balance at 1 January 2020	(156)
Depreciation	(621)
Disposals	-
Balance at 31 December 2020	**(777)**
Carrying amounts	
At 31 December 2019	1,609
At 31 December 2020	1,265

The carrying amount per year end does not contain assets under construction (2019: EUR 1,6 million).

15 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 2019	123,621	83,086	2,765	209,472
Additions	6,760	13,910	153	20,823
Disposals	-	-	-	-
Balance at 31 December 2019	**130,381**	**96,996**	**2,918**	**230,295**
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**
Accumulated depreciation				
Balance at 1 January 2019	(43,564)	(52,834)	(1,703)	(98,101)
Depreciation	(5,197)	(7,233)	(305)	(12,735)
Disposals	-	-	-	-
Balance at 31 December 2019	**(48,761)**	**(60,067)**	**(2,008)**	**(110,836)**
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)**
Carrying amounts				
At 31 December 2019	81,620	36,929	910	119,459
At 31 December 2020	76,549	33,040	751	110,340

At 31 December 2020 and 2019 all directly owned property, plant and equipment was collateralized as part of the financing agreements in place (see note 23).

16 Investment property

Reconciliation of the carrying amount

AMOUNTS IN EUR '000	2020	2019
Balance at 1 January	400	400
Additions	-	-
Revaluation	-	-
Balance at 31 December	**400**	**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 30.

Fair value as of 31 December 2020 is estimated at EUR 400 (2019: EUR 400) determined by external, independent property valuators, having appropriate recognised professional qualifications and recent experience in the location and category of the property. Based on recent market conditions the movement in fair value is deemed immaterial. The fair value measurement has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

17 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 2020 the Group's interest in the joint venture amounts EUR 33 (2019: EUR 46).

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 2020 the Group's interest in the joint venture amounts EUR 0 (2019: EUR 48).

AMOUNTS IN EUR '000	2020	2019
Balance at 1 January	94	41
Additions	-	-
Result for the year	(61)	53
Dividends paid	-	-
Balance at 31 December	**33**	**94**

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 2019. The amount of the loan agreement is classified as current financial assets (EUR 15).

18 Inventories

AMOUNTS IN EUR '000	2020	2019
Raw materials and consumables	375	312
	375	**312**

During 2020 and 2019 no inventories were written down to the lower of net realisable value and no provision has been recognised.

19 Contract assets and liabilities

AMOUNTS IN EUR '000	2020	2019
Contract assets	29,555	13,345
Contract liabilities	(14,319)	(17,625)
	15,236	**(4,280)**
Expenses incurred including realized profit to date	398,277	386,056
Invoiced terms	(383,041)	(390,336)
	15,236	**(4,280)**

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 1,0 million at 31 December 2020 (2019: EUR 1,7 million). The revenues recognized in the reporting period that was included in the contract liability balance at the beginning of the period amounts EUR 15,9 million.

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

20 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 2020 an amount of EUR 1.3 million of the trade receivables were provided for (2019: 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 24 for impairment costs due to expected credit loss (IFRS 9) has been reported (2019: EUR 22). The movements related to expected credit loss over the period are considered to be immaterial.

At year end approximately EUR 32 of the total open balance refers to related parties (2019: EUR 12 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 25.

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 2020	43,661	42,845	10	4	460	-	342
31 December 2019	45,242	44,337	557	-	-	6	342

21 Cash and cash equivalents

AMOUNTS IN EUR '000	2020	2019
Cash	7	7
Bank balances	2,638	1,572
Cash and cash equivalents	**2,645**	**1,579**

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

22 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	2020	2019
Number of ordinary shares dividend eligible	25,501,356	25,501,356
Rounded dividend per ordinary share	-	0.10
Dividends declared and settled during the year	**-**	**2,550**

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 2020 the proposed dividend pay-out per share (to be approved by the shareholder) in a cash dividend amounts to €0,12 per share.

In 2018 the Group acquired a 60% interest in Twinpark Sif B.V., an entity involved in the development and manufacturing of a windmill. In 2020 the amount of profit of Twinpark Sif B.V. is EUR 752. The non controlling interest is 40% of this amount, EUR 302.

As the non – controlling interest in Twinpark Sif B.V. is considered to be immaterial, the Group decided not to disclose all requirements as included in IFRS 12.12.

23 Loans and borrowings

The company has the following financing arrangements:

AMOUNTS IN EUR '000	2020	2019
Revolving credit facility - non-current	-	22,872
Lease liabilities - non-current	50,139	54,255
Lease liabilities - current	4,625	4,743
Total Loan and borrowings	**54,764**	**81,870**

The revolving credit facility is presented net with the prepaid transaction costs.

The movement in financing arrangements can be specified as follows:

AMOUNTS IN EUR '000	2020	2019
Balance at 1 January	82,606	31,079
Financing costs	(736)	(197)
Net value of loans and borrowings	81,870	30,882
Lease liabilities	(4,233)	58,998
Additions financing costs	-	(1,019)
Amortisation financing costs	562	479
Movements in revolving credit facility	(23,435)	(7,470)
Balance at 31 December	54,938	82,606
Financing costs	(174)	(736)
Net value of loans and borrowings	**54,764**	**81,870**

Information about the Group's exposure to interest rate, foreign currency and liquidity risk is included in note 25. 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. Given the nature of this funding, the entire facility is presented as non-current loans and borrowings. 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. As per year-end 2020 an amount of EUR 0,2 million is outstanding (2019: EUR 23 million). Early 2021 the first extension option has been exercised. Reference is made to note 34 for further details.

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 2020	Carrying amount 2020	Fair value 2019	Carrying amount 2019
Revolving Credit Facility	EUR	Euribor + supplement	2022	174	174	22,872	22,872
Total interest-bearing loans and borrowings				**174**	**174**	**22,872**	**22,872**

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 22 February 2022. In December 2020 a request for an extension by two years (until 31 March 2024) has been submitted, but no formal confirmation has been received per 31 December 2020. Early 2021 the first extension option has been exercised. Reference is made to note 34 for further details. The interest as per 31 December 2020 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.

At year-end 2020 the Company met the applicable covenants.

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.

24 Provisions

The balance for provisions is as follows:

AMOUNTS IN EUR '000

	2020	2019
At 1 January	**-**	**263**
Utilized	-	(263)
At 31 December	**-**	**-**

During 2018, loss making contracts have been identified by management. Per year end 2018 the total amount of expected loss was recognised in the profit and loss and utilised in 2019, as a result of which the provision per 31 December 2019 was EUR 0. No new loss making contracts have been identified by management.

25 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 20.

Cash and cash equivalents

The Group held cash and cash equivalents of EUR 2.6 million at 31 December 2020 (2019: EUR 1,6 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	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)	-	-	(174)	-
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)**

AMOUNTS IN EUR '000	Carrying amount	Total	3 months or less	3-12 months	1 - 2 years	2 - 5 years	More than 5 years
31 December 2019							
Non-derivative financial liabilities							
Revolving credit facility	23,912	(23,912)	(365)	(675)	-	(22,872)	-
Lease liabilities	58,998	(65,658)	(1,487)	(4,318)	(5,609)	(17,010)	(37,234)
Trade payables	37,733	(37,733)	(37,733)	-	-	-	-
	120,643	**(127,303)**	**(39,585)**	**(4,993)**	**(5,609)**	**(39,882)**	**(37,234)**

As disclosed in note 23, 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 2020, the Group uses no derivatives to manage market risks (2019: 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	2020	2019
Variabele rate instruments		
Revolving credit facility	(174)	22,872
Balance at 31 December	**(174)**	**22,872**

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 2020		
Variable rate instruments	-	-
Net impact	**-**	**-**
31 December 2019		
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 steal. However, as this risk is fully transferred to the customers of the Group, no risk remains for the Group.

26 Employee benefits

AMOUNTS IN EUR '000	2020	2019
Jubilee provision	339	340
Accrual for employee bonuses	918	507
Accrual for employee vacation days outstanding	790	794
Personnel expenses payable	268	1,036
Total employee benefits liabilities	**2,315**	**2,677**
Non-current	273	287
Current	2,042	2,390
	2,315	**2,677**

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

AMOUNTS IN EUR '000	2020	2019
Balance at 1 January	340	315
Additions	59	63
Used	(60)	(38)
Balance at 31 December	**339**	**340**

27 Other current and non-current liablities

The Group's current liabilities mainly consist of operational expenses to be paid. The non-current part mainly consist of the non-current part of the premiums to be paid for bank guarantees (EUR 1,4 million, 2019: EUR 1,0 million). In 2019 the current part also consisted of the payment obligation for the windmill in Twinpark (EUR 6,3 million), which is settled during 2020.

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

28 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. At year-end 2020, the solvency ratio was 39,0% (2019: 35,5%).

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 23.

29 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

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

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. No further changes are applicable in investments in subsidiaries.

30 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 15 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 2021 and as per 1 July 2031).

Right-of-use assets

AMOUNTS IN EUR '000	Right-of-use
Cost	
Balance at 1 January 2019	37,268
Additions	23,733
Disposals	-
Balance at 31 December 2019	**61,001**
Balance at 1 January 2020	61,001
Additions	722
Modifications	(90)
Disposals	-
Balance at 31 December 2020	**61,633**
Accumulated depreciation	
Balance at 1 January 2019	-
Depreciation	(4,434)
Disposals	-
Balance at 31 December 2019	**(4,434)**
Balance at 1 January 2020	(4,434)
Depreciation	(5,297)
Disposals	-
Balance at 31 December 2020	**(9,731)**
Carrying amounts	
At 31 December 2019	56,567
At 31 December 2020	51,902

Lease liabilities

AMOUNTS IN EUR '000

Balance at 1 January 2019	38,717
Additions	23,737
Lease payments	(4,334)
Financing costs	877
Balance at 31 December 2019	**58,997**
Balance at 1 January 2020	58,997
Additions	722
Modifications	(90)
Lease payments	(5,938)
Financing costs	1,073
Balance at 31 December 2020	**54,764**
Carrying amounts	
At 31 December 2019	58,997
At 31 December 2020	54,764

Of the total carrying value per year-end 2020 an amount of EUR 4,6 million is classified current (2019: EUR 4,7 million).

The Group had total cash outflows for leases of EUR 5,9 million in 2020 (2019: EUR 4,3 million). The Group also had non-cash additions to right-of-use assets and lease liabilities of EUR 0,6 million in 2020 (2019: EUR 23,7 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.

Mainly due to the market expectations in the Offshore segment, management expects that leasing the sites in the Rotterdam Harbour until mid-2031 is realistic. In this sector, however, given the impact of political choices, it is difficult to look ahead for more than 10 years.

Group as a lessor

The Group leases out its investment property (see note 16) 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 2020 EUR 1,5 million (2019: EUR 0,8 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 one year. The lease income from these operational lease contracts amounts for the year 2020 EUR 3,6 million (2019: EUR 1,5 million).

Future minimum rental receivable

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

AMOUNTS IN EUR '000	2020	2019
Less than 1 year	1,417	1,493
Between 1 and 5 years	11,121	740
More than 5 years	-	-
	12,538	**2,233**

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

31 Off-balance sheet commitments

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

At 31 December 2020, the Group's commitments for the purchase of property, plant and equipment amounts to EUR 0,3 million (2019: EUR 2,4 million). The commitments for raw materials amounts to EUR 30,5 million (2019: EUR 17,5 million) and commitments for subcontracting amounts to EUR 91,6 million (2019: EUR 6,6 million).

Guarantee facilities

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

AMOUNTS IN EUR '000	Type	31 December 2020		31 December 2019	
		Total facility	Used	Total facility	Used
Euler Hermes S.A. / Tokio Marine Europe S.A.	General	130,000	117,930	130,000	54,838
Coöperatieve Rabobank U.A.	General	40,000	24,219	40,000	13,642
ING Bank N.V.	General	40,000	7,979	40,000	10,440
ABN AMRO Bank N.V.	General	40,000	17,017	40,000	12,322
Nationale Borg Maatschappij	Project	-	-	2,405	2,405
Coöperatieve Rabobank U.A.	Project	8,459	8,459	16,034	16,034
ING Bank N.V.	Project	8,459	8,459	8,459	8,459
Total		**266,918**	**184,063**	**276,898**	**118,140**

The Group is jointly and severally liable for all amounts to which Euler Hermes, Tokio Marine, Coöperatieve Rabobank U.A., ING Bank N.V., ABN Amro Bank N.V. and Nationale Borg Maatschappij 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.

32 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 167 (2019: EUR 145). Furthermore the Group sent invoices to Smulders Sif Steel Foundations B.V. for project related work performed for a total amount of EUR 35 million (2019: EUR 67 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:

	2020	2019
G.G.P.M. van Beers	16,500	10,000
Balance at 31 December	**16,500**	**10,000**

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

AMOUNTS IN EUR	2020	2019
A. Goedée[1]	70,000	70,000
P.J. Gerretse[2]	45,404	46,646
C.A.J. van den Bosch[2]	45,531	47,375
P.E. Visser[3]	45,000	45,000
P.E. Wit[4]	45,000	45,000
	250,935	**254,021**

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.

The remuneration of the current Executive Board members can be specified as follows:

COMPENSATION OF THE CURRENT EXECUTIVE BOARD MEMBERS

	G.G.P.M. van Beers		L.A.M. Verweij	
AMOUNTS IN EUR	2020	2019	2020	2019
Base salary	376,747	367,200	282,874	275,706
Employer´s pension contributions	21,281	22,662	41,312	39,615
Pension compensation	48,596	47,315	40,368	48,196
Annual bonus (accrual)	95,893	131,694	98,841	37,760
LTIP	-	-	25,724	-
Other benefits (car lease, travel expenses and relocation expenses)	40,992	49,225	38,037	44,611
Social security and other payments	10,182	10,995	10,182	10,995
Total remuneration	**593,691**	**629,091**	**537,338**	**456,883**
Paid annual bonus in the year, earned over the previous year	80,370	49,863	78,573	135,624
Paid vested LTIP	-	-	25,724	-
Total actual paid variable remuneration	**80,370**	**49,863**	**104,297**	**135,624**

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 2020 the outstanding liability with regard to the PSU plan was € 0,2 million (2019: € 0,1 million). During 2020 a number of 2.464 PSUs are vested and exercised and 16.830 PSUs are awarded. At 31 December 2020 a number of 32.930 PSUs are outstanding (2019: 18.564 PSUs), which vest on average 22 months after reporting date.

33 Service fees paid to external auditors

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

	Ernst & Young Accountants LLP		Other EY firms	
AMOUNTS IN EUR '000	2020	2019	2020	2019
Audit of financial statements	288	279	-	-
Other assurance services	-	10	-	-
Total	**288**	**289**	**-**	**-**

34 Events after the reporting period

On 1 February 2021 the Group was informed that all Lenders under the financing arrangement confirmed the extension of the termination date by two years to 31 March 2024.

Separate statement of profit or loss for the year ended 31 December 2020

AMOUNTS IN EUR '000	Notes	2020		2019	
Management fee	38	1,635		1,604	
Total revenue			1,635		1,604
Indirect personnel expenses		1,669		1,604	
General expenses		468		407	
Operating profit			(502)		(407)
Finance costs		(480)		(480)	
Net finance costs			(480)		(480)
Profit before tax			(982)		(887)
Income tax expense			1,094		1,013
Result of participation in subsidiaries	39		7,173		5,354
Result of participation in joint ventures			(14)		8
Profit after tax			**7,271**		**5,488**

Separate statement of financial position as at 31 December 2020 (before profit appropriation)

AMOUNTS IN EUR '000	Notes	31-Dec-2020	31-Dec-2019
Assets			
Investments in subsidiaries and joint ventures	40	140,640	133,481
Other non-current financial assets - intercompany		195	196
Total non-current assets		140,835	133,677
Other current financial assets		15	20
VAT receivables		178	185
CIT receivables		-	1,260
Prepayments		443	759
Cash and cash equivalents		193	259
Total current assets		829	2,483
Total assets		**141,664**	**136,160**

AMOUNTS IN EUR '000		31-Dec-2020	31-Dec-2019
Equity			
Share capital		5,100	5,100
Additional paid-in capital		1,059	1,059
Retained earnings		80,316	74,828
Result for the year		7,271	5,488
Total equity	42	93,746	86,475
Liabilities			
Trade payables		202	284
Intercompany accounts	41	47,035	48,877
Employee benefits - current		282	342
Wage tax and social security		113	31
CIT payable		100	-
Other current liabilities		186	151
Total current liabilities		47,918	49,685
Total liabilities		47,918	49,685
Total equity and liabilities		**141,664**	**136,160**

Notes to the separate financial statements for the year ended 31 December 2020

35 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.

36 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.

37 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

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

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. 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.

38 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.

39 Result of participation in subsidiaries

AMOUNTS IN EUR '000	2020	2019
Result in Sif Netherlands B.V.	11,376	10,021
Result in Sif Property B.V.	(4,659)	(5,001)
Result in Sif Japan K.K.	5	-
Twinpark Sif B.V.	451	334
Result of participation in subsidiaries	**7,173**	**5,354**

40 Investments in subsidiaries and joint ventures

AMOUNTS IN EUR '000	2020	2019
Sif Netherlands B.V.	150,686	139,310
Sif Property B.V.	(10,869)	(6,209)
Sif Japan K.K.	5	-
SBR Engineering GmbH	33	46
Twinpark Sif B.V.	785	334
Investments in subsidiaries and joint ventures	**140,640**	**133,481**

The movement in the investment value of subsidiaries and joint ventures relates to the result for the year 2020.

41 Intercompany accounts

AMOUNTS IN EUR '000	2020	2019
Intercompany payables (current liabilities)	(47,035)	(48,877)
	(47,035)	**(48,877)**
Intercompany account Sif Netherlands B.V.	(41,743)	(46,780)
Intercompany account Sif Property B.V.	(5,292)	(2,097)
	(47,035)	**(48,877)**

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.

42 Equity

The statement of changes in equity and disclosure to that statement are included in the consolidated financial statements.

The appropriation of the 2020 profit is at the free disposal of the General Meeting of Shareholders and has not been recorded in the financial statements.

43 Related parties

Transactions with subsidiaries

During the year several transactions between Sif Holding N.V., Sif Netherlands B.V. and Sif Property 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 41,7 million (2019: EUR 46,8 million) and a liability to Sif Property B.V. of approximately EUR 5,3 million (2019: EUR 2,1 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 167 (2019: EUR 145).

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 13027369

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


Van Oord
AEOLUS
CHINA SHIPPING LINE

Independent auditor's report

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

Report on the audit of the financial statements 2020 included in the integrated annual report

Our opinion

We have audited the financial statements 2020 of Sif Holding N.V., based in Roermond. 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 2020 and of its result and its cash flows for 2020 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 December 31, 2020 and of its result for 2020 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 2020
> The following statements for 2020: the consolidated statement of profit or loss, the consolidated statement of changes in equity, 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 December 31, 2020
> The separate statement of profit or loss for 2020
> 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. 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.

Our audit approach

Our understanding of the business

Sif Holding N.V. is primarily involved in the manufacturing of metal structures, parts of metal structures, pipes, pipe structures, components for the offshore industry and foundation piles for offshore wind farms. 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 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, non-compliance with laws and regulations 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.

In 2020, we were forced to perform our procedures to a greater extent remotely due to the Covid-19 measures. Given the ‘intelligent lockdown’ within the Netherlands, we have been able to visit the two manufacturing locations around year-end to perform counts and we have been able to have limited meetings at the Sif headquarters. We have been able to obtain sufficient audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	€ 1.800.000 (2019: € 1.800.000)
Benchmark applied	Around 1,75% of contribution margin
Explanation	Consistent with last year, we selected contribution margin to benchmark materiality as in our professional judgment, contribution margin is a key performance indicator and users of the financial statements primarily focus on earnings based measures. The contribution margin is calculated by the total revenues from contracts with customers minus the expenses for raw materials, subcontracted work and other external charges and logistic and other project related expenses.

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 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 of Sif Holding N.V.

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. The audit has been performed by one audit team and all components were included. 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, use of specialists and internal audit

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 industry. We included specialists in the areas of IT audit, forensics and income tax.

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 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.

Non-compliance with laws and regulations may result in fines, litigation or other consequences for the company that may have a material effect on the financial statements.

Our audit response related to fraud risks

In order to identify and assess the risks of material misstatements of the financial statements due to fraud, we obtained an understanding of the entity and its environment, including the entity's internal control relevant to the audit and in order to design audit procedures that are appropriate in the circumstances. As in all of our audits, we addressed the risk of management override of internal control. We do not audit internal control per se for the purpose of expressing an opinion on the effectiveness of the company's internal control.

We considered available information and made enquiries of relevant executives, directors and the supervisory board. As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud and misappropriation of assets in close co-operation with our forensic specialists. In our risk assessment we considered the potential impact of performance based bonus schemes which the company has in place. Furthermore, we consider whether the COVID 19 pandemic gives rise to specific fraud risk factors.

We evaluated the design and the implementation of internal controls that mitigate fraud risks. In addition, we performed procedures to evaluate key accounting estimates for management bias in particular relating to important judgment areas and significant accounting estimates as disclosed in Note 2 to the financial statements. We have also used data analysis to identify and address high-risk journal entries.

We incorporated elements of unpredictability in our audit. We considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance. If so, we reevaluate our assessment of fraud risk and its resulting impact on our audit procedures.

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 management board, reading minutes and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters 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.

Going concern

We performed the following procedures in order to identify and assess the risks of going concern and to conclude on the appropriateness of management's use of the going concern basis of accounting. Management 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 12 months. We discussed and evaluated the assessment with management exercising professional judgment and maintaining professional skepticism, and specifically focusing on the process followed by management to make the assessment, management bias that could represent a risk, the impact of current events and conditions have on the company's operations and forecasted cash flows, with a focus on whether the company will have sufficient liquidity to continue to meet its obligations as they fall due.

We consider based on the audit evidence obtained, whether a material uncertainty exists related to 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.

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.

General audit procedures

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
- 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 financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

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 matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

The key audit matter related to IFRS 16 which was included in our last year's auditor's report, is not considered a key audit matter for this year as this was mainly related to the implementation of this new accounting standard. After the initial recognition of IFRS 16, no significant new leases and/or changes occurred in 2020.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of contract assets and liabilities (including revenue recognition)	
Risk	Revenues from 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 potential upward or downward adjustments in the projected estimates. As circumstances change over time, fluctuations in the anticipated project result may occur over the duration of the contract and updated measures of progress to reflect any changes in the outcome of the performance obligation are accounted for. The progress towards the complete satisfaction is assessed based on the actual hours incurred compared with the estimated hours needed to complete the project. Revenue recognition based on satisfied performance obligations over time requires management to make a number of estimates and assumptions surrounding e.g. the expected profitability of the project, the estimated degree of completion and the total costs. Changes in these estimates or assumptions could lead to changes in the revenues recognized in a given period. The significant assumptions developed by management include: estimated labour hours, total estimated costs of completion and (any) claims/contingencies. Therefore we considered valuation of contract assets and liabilities (including revenue recognition) a key audit matter. Reference is made to Note 2, 3, 6 and 19 of the consolidated financial statements for the significant accounting policies and disclosures on revenue recognition.
Our audit approach	We have assessed the appropriateness of the Company's revenue recognition accounting policies and assessed compliance with EU-IFRS accounting policies (IFRS 15). Our audit procedures performed address the risk identified and include among others: assessing contractual arrangements and reconciling total contract revenues to signed contracts, testing management's estimates of costs to fulfil a contract, estimated hours and the proper allocation of costs and actual hours to projects. 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 in Note 2, 3, 6 and 19.
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

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:
- The Report of the Executive Board
- The Report of the Supervisory Board
- Key figures and highlights
- Risk and Risk management
- Social, Environmental and Governance policy and MD&A of progress in 2020
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code

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 and Sections 2:135b and 2:145 subsection 2 of the Dutch Civil Code

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.

Management is responsible for the preparation of the other information, including the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code, other information required by Part 9 of Book 2 of the Dutch Civil Code and the remuneration report 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 and executive 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

Sif Holding N.V. has prepared the annual report in the European single electronic reporting format (ESEF). The requirements for this format are set out in the Commission 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 Integrated 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., has been prepared in all material respects in accordance with the RTS on ESEF.

Management is responsible for preparing the Integrated Annual Report, including the financial statements, in accordance with RTS on ESEF, whereby management 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 is prepared in accordance 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 Sif Holding N.V.'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 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 for the financial statements

Responsibilities of management and the supervisory board for the financial statements

Management 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, management is responsible for such internal control as management 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, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management 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 Our audit approach section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

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 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, March 11, 2021

Ernst & Young Accountants LLP

Signed by J.R. Frentz

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 and Adjusted EBITDA provide useful information to investors on the development of the company's business. EBITDA and 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
Normalized EBITDA	EBITDA corrected for incidental IPO related expenses or income 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 and Adjusted EBITDA provide useful information to investors on the development of the company's business. EBITDA and 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 2019 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.
MAKE	MAKE consultants.
Orderbook	The total of signed contracts and contracts under exclusive negotiations.
Pull production system	The production system whereby sequential activities at hand are 'pulled through' the production process by starting production of the next component at a given work station only when the previously manufactured component has been used by the next step in the production. This prevents congestion in the factory and results in higher output levels through improved efficiency. It also results in higher job- satisfaction and higher quality and safety standards resulting in a process of 'continuous improvement'.
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' (reference is made to the schedule on page 11 of this annual report).
Sif Holding N.V.	The entity whose shares are listed on the stock exchange (reference is made to the schedule on page 11 of this annual report).

Appendix: Bridge from IFRS to Dutch-GAAP

Consolidated statement of profit or loss for the year ended 31 December 2020 (Bridge from IFRS to Dutch-GAAP)

AMOUNTS IN EUR '000	IFRS		Differences		Dutch GAAP*	
	2020				2020	
Total revenue from contracts with customers		335,433		-		335,433
Raw materials	130,437		-		130,437	
Subcontracted work and other external charges	82,510		-		82,510	
Logistic and other project related expenses	20,894		-		20,894	
Direct personnel expenses	27,091		-		27,091	
Production and general manufacturing expenses	11,389		502		11,891	
Indirect personnel expenses	20,888		-		20,888	
Depreciation and amortization	20,348		(5,297)		15,051	
Facilities, housing and maintenance	5,125		5,583		10,708	
Selling expenses	1,018		-		1,018	
General expenses	4,325		482		4,807	
Operating profit		11,408		(1,270)		10,138
Impairment losses on financial assets	(2)		2		-	
Finance costs	(2,396)		1,072		(1,324)	
Finance costs and impairment losses		(2,398)		1,074		(1,324)
Share of profit of an associate and joint ventures		(61)		-		(61)
Profit before tax		8,949		(196)		8,753
Income tax expense		1,376		(48)		1,328
Non-controlling interests		-		302		302
Profit after tax		**7,573**		**(450)**		**7,123**

* Reference is made to note Basis of preparation, as disclosed hereafter

Consolidated statement of financial position as at 31 December 2020 (before appropriation of result / Bridge from IFRS to Dutch-GAAP)

AMOUNTS IN EUR '000	31-Dec-2020 IFRS	Differences	31-Dec-2020 Dutch GAAP*
Assets			
Intangible fixed assets	1,265	-	1,265
Property, plant and equipment	110,340	-	110,340
Right-of-use assets	51,902	(51,902)	-
Investment property	400	-	400
Investments in joint ventures	33	-	33
Deferred tax asset	349	(349)	-
Total non-current assets	164,289	(52,251)	112,038
Inventories	375	-	375
Contract assets	29,555	(14,319)	15,236
Trade receivables	43,661	25	43,686
Other financial assets	15	-	15
Prepayments	1,307	-	1,307
Cash and cash equivalents	2,645	-	2,645
Total current assets	77,558	(14,294)	63,264
Total assets	**241,847**	**(66,545)**	**175,302**

* Reference is made to note Basis of preparation, as disclosed hereafter

AMOUNTS IN EUR '000	31-Dec-2020 IFRS	Differences	31-Dec-2020 Dutch GAAP*
Equity			
Share capital	5,100	-	5,100
Additional paid-in capital	1,059	-	1,059
Retained earnings	80,316	750	81,066
Result for the year	7,271	(148)	7,123
Equity attributable to shareholder	93,746	602	94,348
Non-controlling interests	524	-	524
Total equity	94,270	602	94,872
Liabilities			
Lease Liabilities	50,139	(50,139)	-
Employee benefits	273	-	273
Deferred tax liabilities	-	67	67
Other non-current liabilities	1,484	1,886	3,370
Total non-current liabilities	51,896	(48,186)	3,710
Lease Liabilities	4,625	(4,625)	-
Trade payables	63,438	-	63,438
Contract Liabilities	14,319	(14,319)	-
Employee benefits	2,042	-	2,042
Wage tax and social sec.	1,557	-	1,557
VAT payable	5,482	-	5,482
CIT payable	498	(216)	282
Other current liabilities	3,720	199	3,919
Total current liabilities	95,681	(18,961)	76,720
Total liabilities	147,577	(67,147)	80,430
Total equity and liabilities	**241,847**	**(66,545)**	**175,302**

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 2020. 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 5,298 and production and general manufacturing EUR 502, facilities, housing and maintenance EUR 5,583 and general expenses EUR 482. In addition, financing costs EUR 1,072 and a deferred tax asset of EUR 349 is adjusted in the column difference. The off-balance reporting of operational leases resulted in a difference of EUR 51,902 for the right of use assets, EUR 50,139 lower non-current lease liabilities, respectively EUR 1,886 and EUR 199 higher lease incentive as part of the other non-current and other current liabilities and EUR 4,625 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.

Construction contracts

Revenue is recognized in accordance with the statutory IFRS financial statements. The total amount of all construction contracts is presented as one total amount to be presented under assets (positive balance) or liabilities (negative balance) in accordance with DAS 221.410.

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

Our opinion

We have audited the Bridge from IFRS to Dutch GAAP ('Bridge') for the year ended 31 December 2020, of Sif Holding N.V. based in Roermond.

In our opinion the enclosed Bridge for the year ended 31 December 2020 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 for Preparation' of the notes to the Bridge.

The Bridge comprises:

1. the consolidated statement of profit or loss for the year ended 31 December 2020;
2. the consolidated statement of financial position as at 31 December 2020;
3. the basis of preparation and the notes comprising of a summary of the accounting policies and other explanatory information.

Reference is made to page 127 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

We draw attention to note 'Basis of preparation' to the Bridge, which describes the purpose of the Bridge and 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. As a result, the Bridge may not be suitable for another purpose. 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 management and the supervisory board for the Bridge

Management 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, management is responsible for such internal control as management determines what is necessary to enable the preparation of the Bridge 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 this 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 skepticism 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.

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, 11 March 2021

Ernst & Young Accountants LLP

Signed by J.R. Frentz

Sif Holding N.V.
Mijnheerkensweg 33
6040 AM Roermond
The Netherlands
Telephone: +31 475 385777
E- mail: info@sif-group.com