Supporting the energy transition

Financial-Social-Environmental Annual Report 2022 of Sif Holding N.V.

Sif OFFSHORE FOUNDATIONS

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Highlights 2022

People Planet Profit

Safety

6.50 LTIF

Gross CO2 emission

10,422 mt

Participation in projects resulting in

1,954 MW

renewable energy capacity

Contribution

€130.5 mln

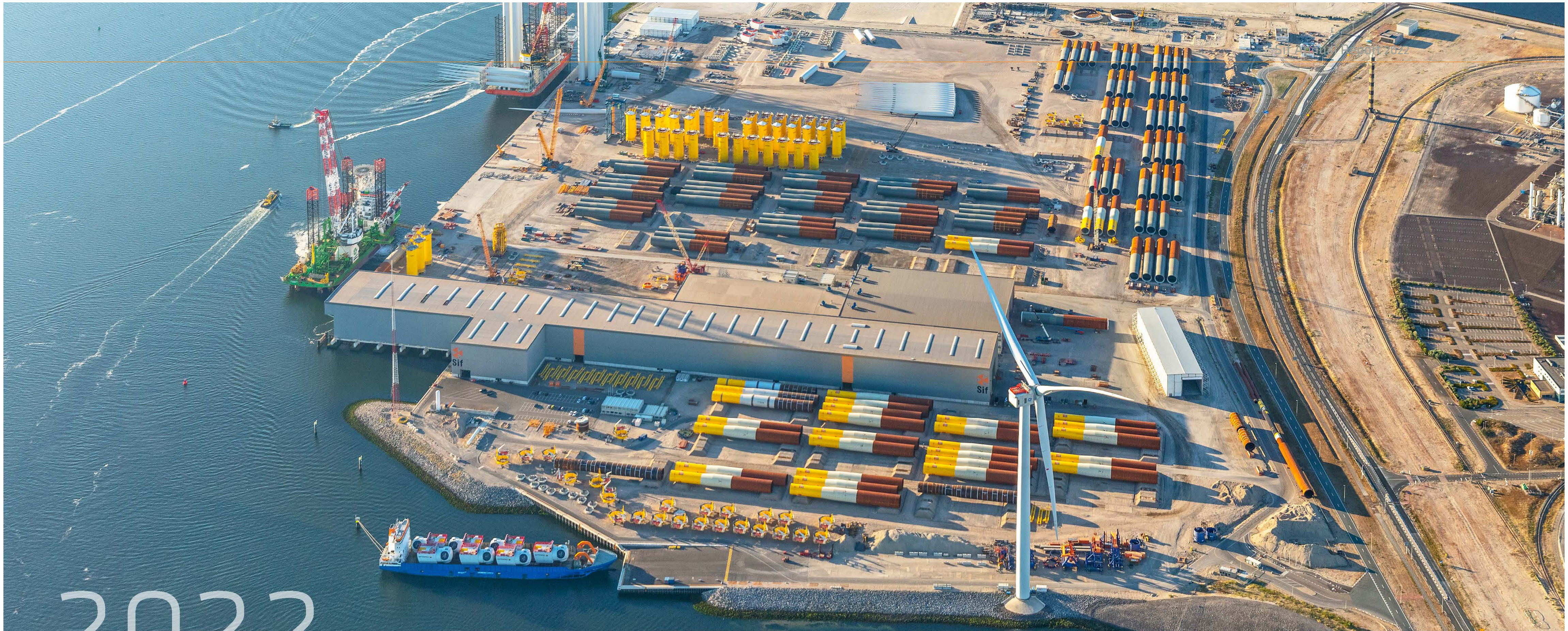
Adjusted EBITDA

€41.8 mln

Adjusted ROACE

43.6%

(*) reference is made to the section Reporting Criteria of the annual report for further details



2022

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

Corporate ESG Performance
RATED BY ISS ESG
Prime

Prime upgrade ESG

First load-in of tower sections using RoRo

First Monopiles Dogger Bank A finished

New HR director Caspar Kramers

Feasibility study Green Hydrogen Centralized Offshore Wind Production Project (AmpHytrite)

Last Monopile wind farm Maasvlakte 2

Contract win: He Dreiht Transition Pieces

First Monopiles & Transition Pieces Dogger Bank A installed

Partnership GS Entec

Last load-out Hollandse Kust Zuid

First load-out Hollandse Kust Noord

Contract win: Noirmoutier

New order: Leg sections & Piles Aker

Sif

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Message from our CEO

Dear Reader,

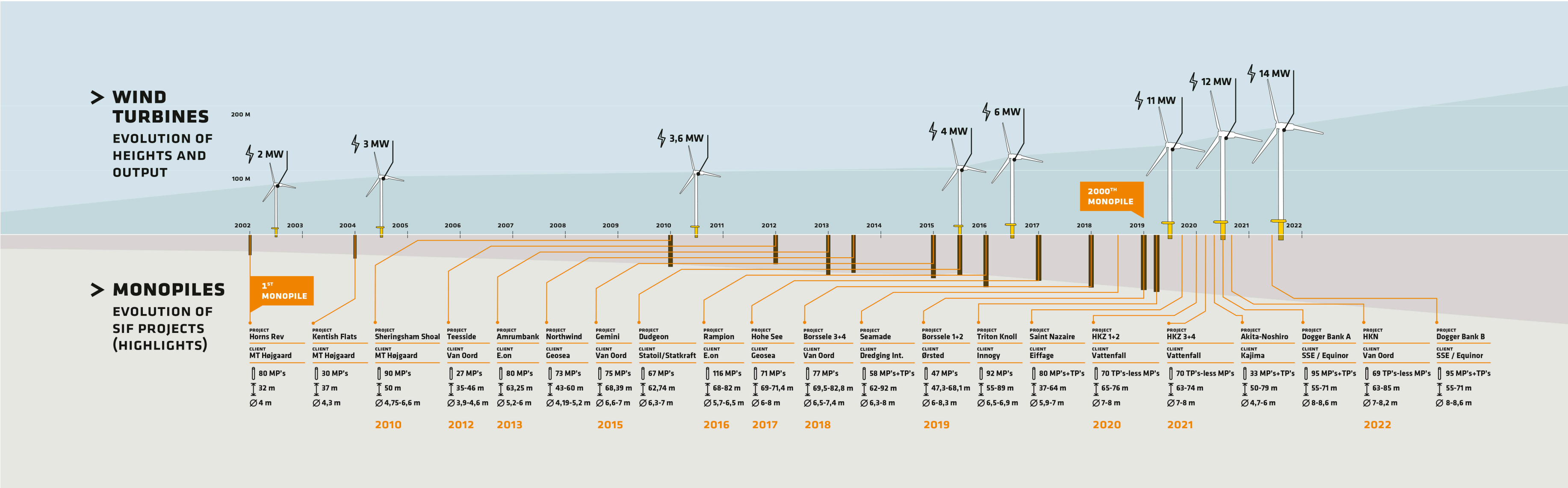
As was the case with many other companies, 2022 was a turbulent year for Sif. During the year under review, we had to manage the ongoing impact of the COVID-19 pandemic and the effects of the war in Ukraine on the delivery of our orderbook. Also in 2022, we further developed our investment plans to help us deliver on our strategy of supporting and accelerating the growth of offshore wind power generation. We see offshore wind as a key driver to the world's energy transition and as a meaningful contributor towards meeting the goal of limiting global warming to no more than 1.5 degree Celsius as set out in the Paris Climate Agreement.

I would like to thank all of my Sif colleagues for their hard work and dedication, often under dynamic circumstances, and for their unfaltering focus on our purpose and values.

Living our purpose

Enabling and accelerating the energy transition by designing and manufacturing the foundations for offshore wind farms to serve our customers, communities, the planet and its future inhabitants, is what drives us forward and guides the decisions we make. We do however feel that the world is not moving fast enough with the energy transition process. In recent decades we have seen clear signs of climate change and experienced the consequences ensuing from the world's dependence on just a few supplying countries of fossil fuels in times of geopolitical instability. Recent developments have increased the need to accelerate the energy transition by means including increasing offshore wind capacity from 65 GW in 2022 to more than 200 GW in 2030. Acceleration of the energy transition can be realized by shortening the development procedures of offshore wind farms that currently take 7 to 11 years and by developing the entire Offshore Wind supply chain and not only larger offshore turbines. Our purpose is to help bring about and drive this acceleration by expanding our manufacturing facilities. In parallel we are working on measures to reduce the environmental impact of our own activities. We continue to engage with stakeholders both inside and outside the business to explain our company's strategy and targets, to align the activities of the whole supply chain and to address any concerns and ambitions stakeholders may have.

This is also reflected in the performance goals we have set for our key sustainability measures. A significant part of the Executive Board's remuneration depends on progress made on carbon and waste reduction in our own operations and on our safety performance.



Picture: development of offshore wind turbines and foundations over the past 20 years

Yielding offshore wind capacity

The capacity of individual offshore wind turbines has increased from 2 MW in the early 2000s to 14 MW in 2022 with diameters of monopile foundations increasing from 4 meters to almost 9 meters during the same period. In 2000, a turbine installed on a monopile could supply electricity to 2,000 households, whereas this figure rose to 14,000 households in 2022. The timeline on top of this page illustrates the evolution of turbines and monopiles. There are now reports of turbines being developed and tested in the 15 to 18 MW range. If and when even bigger turbines will be realized, is an increasingly important topic given the high investment impact and challenging financial performance reported by various offshore equipment manufacturers. At Sif, we favor a stabilization at the 15-18 MW level in order to be able to maximize the ramp up of offshore wind and to enable the entire supply chain to efficiently align their operations to this turbine size. The increasing power range of turbines has given rise to the project for the expansion of our manufacturing facilities (which is known as P11). Following an extensive dialogue with our customers and suppliers, we have presented our plans for future manufacturing to financial stakeholders. Shortly after the closing of 2022, more than 3.5 years after the start of P11, we were able to take a final investment decision and share our plans with the markets. Our Rotterdam facilities will be expanded in order to be able to manufacture bigger diameter monopiles at the same Takt Time. Based on monopiles with a weight of 2,500 ton and a diameter of 11 meters we will be able to manufacture 200 monopiles per year. This is unique in the market and we will further strengthen our position as the leading supplier of foundations for the offshore wind industry. Assuring this high output volume is a booster for the energy transition. Assuming an average of 16 MW turbines for the period until 2030, Sif can enable an annual addition of potentially just over 3 GW offshore wind capacity or a total of more than 22 GW by 2030. The metrics, financials and managerial implications of the €328 million manufacturing expansion investment are explained in the factsheet on page 24 of this annual report. Ambitions for offshore wind are clearly also growing in other parts of the world. For the Asian market, we signed a memorandum of understanding on a license agreement in 2022 with South Korea based GS Entec to assist them in converting their existing factory into a monopile production plant. First deliveries by GS Entec are expected late 2023.

During the course of 2022, we were honored to host a large group of interested persons and organizations at our Maasvlakte production site. The guests included the Dutch Minister for Climate and Energy, Mr. Rob Jetten, who showed keen interest in how Sif could further contribute to the growth of offshore wind energy.

Picture: visit of Minister for Climate and Environmental Policy, Rob Jetten to Maasvlakte 2, Rotterdam

Minimizing our own environmental and safety footprint

While ramping up the energy transition is the longer-term objective, it is equally important that we remain focused on reducing the direct impact of our operational activities on the environment year-on-year and on the side-effects of offshore wind installations on sea life and the preservation and improvement of biodiversity. How can we limit nitrogen deposition in the environment and protected nature areas? How can we limit our carbon dioxide footprint? How can we improve the circularity of our products and production? All these topics are being addressed either through investments in specific equipment to replace high carbon and nitrogen emission sources, such as our investment in the replacement of gas pre-heating by electrical induction pre-heating or through investment in research on alternative technologies in association with industry partners. Examples of this are the cradle-to-cradle circularity study on the future decommissioning challenges of wind farms and the feasibility study on producing green hydrogen at sea (the AmpHytrite project). Together with our partner Pondera, we hosted General Electrics at our Maasvlakte2 site and invited them to install the Haliade X pilot wind turbine which, on its own, can potentially supply more than twice Sif's total electricity demand for the two combined production locations.

Likewise, it is important that we reduce the direct impact of our operational activities on the health and safety of the people working with and for us. The gas explosion we had in August 2022 shocked us and prompted us to an integral safety risk inventory to prevent repetition of such or similar events.

Offshore wind has formed the core of our business since 2005. Our products and services enable us to help bring about the required acceleration of the energy transition. Yttre Stengrund, for which we delivered our first monopiles in 2000, has now been decommissioned. Other projects dating back to that period are approaching the end of their technical and economic lifetime. As many more projects have been built over the years, we expect the replacement and decommissioning market to grow from 2030 onwards.

Consistently and safely delivering our orderbook

Alongside the development of our P11 investment plan, we produced 130 monopiles and 126 transition pieces, or 169 kton, in 2022, and delivered foundations for 1,954 MW of offshore wind (1,873 MW in 2021). That brings the total of green electricity generated on Sif foundations to more than 14,700 MW.

Picture: artist's impression of P11 expanded manufacturing facilities at Maasvlakte 2, Rotterdam

Foundations were manufactured or are in production for Hollandse Kust Noord, Dogger Bank A and B, Maasvlakte 2 and pin piles for Aibel. Surging energy prices had a serious impact on the production cost of these projects, which in turn impacted our gross margin. Healthy margin contributions came from our marshaling and logistics operations for Siemens. The company KCI the engineers made good progress in increasing its Offshore Wind engineering services and recovered from the COVID-19 dip in their traditional concept, system and detail engineering services. All this developed in line with our guidance throughout the year. EBITDA adjusted for expenses related to the research into and preparations for the P11 expansion plan is reported at €41.8 million with contribution at €130.5 million. This resulted in a return on average capital employed (adjusted for the effects of the expansion project for production facilities) of 43.6%.

Our orderbook for 2023 is well filled with 221 kton. For 2024 and beyond, we foresee monopile projects for increased turbine capacities, greater water depths and soil conditions requiring larger diameters. This development is fully in line with our expectations and explains why we embarked on a strategic analysis of what our future production methodology and facilities should look like. With 441 kton, our orderbook is well filled for the period 2024 and beyond. It includes the launching capacity for the expanded manufacturing facilities.

We monitor and manage our operations based on a set of key performance indicators, including safety statistics, personnel attendance and well being and carbon footprint. Some of the non-financial indicators are included in the bonus award program for executive management and are subject to limited assurance by our auditor EY. Our key safety indicator – lost time injury frequency ("LTIF") – is 6.50, which is worse compared to the 4.98 of 2021 and as such still a long way from our target level of 1.5. The biggest impacting factor is the ever increasing seize and weight ratio of our products whereas the overall basic safety awareness and experience of employees has decreased. This has led to an adjusted and intensified safety awareness program in the entire company. Owing to the negative effect of the COVID-19 pandemic followed by the flu wave during the early months of 2022, our absenteeism, at 7.9%, was higher than the 5.1% of the previous financial year. The green electricity generated by the Haliade X at our Maasvlakte site compensated part of the carbon emissions generated by our primary manufacturing and logistical process. In addition to the non-financial performance indicators, we look at financial indicators EBITDA, Contribution and Return on Average Capital Employed.

’During the last two decades, we have provided enough offshore wind energy foundations to supply the combined population of the Netherlands and Belgium with electricity.’

Personnel changes

All members of the Executive and Supervisory Boards are appointed for four years. Executive Board member and CEO Fred van Beers was reappointed for a four-year term until the Annual General Meeting of Shareholders in May 2026 following the announcement by the Supervisory Board at the Annual General Meeting of Shareholders in May 2022.
At the same meeting both Peter Visser and Peter Wit were reappointed as members of the Supervisory Board for another four-year term. Peter Visser did not participate in meetings of the Supervisory Board and Supervisory Board committees from March 2022 for reasons of possible conflicting interests of his position as a representative of our cornerstone shareholder with the investment plans P11. Before March 2022 he only participated as long as no P11 related subjects were discussed.

In line with the rotation schedule, André Goedée and Caroline van den Bosch will resign at the closing of the Annual General Meeting of Shareholders in 2023. Both are not available for reappointment. The Supervisory Board has decided to commence the process of replacing them by two new board members. The Supervisory Board, Executive Board and Works Council are grateful to Caroline and André for their constructive and valuable contributions to the transformation of Sif during their terms since 2016. In general, 2022 was a demanding and intense year for all the Supervisory Board members due to their deep involvement in the plans for P11 and the effects of geopolitics and COVID-19 on Sif.

Our strategic agenda for 2023

Now that the final investment decision for P11 has been taken and financing is fully committed, our full focus is on executing the project, construction of which will begin in April 2023 for delivery in the second half of 2024 to be fully operational from early 2025 after test-runs in the second half of 2024. Once operational, we expect an earn back period for the investment of max 4 years at EBITDA levels of €135 million in 2025 and at least €160 million from 2026 onwards.

We will carefully oversee this complex execution process without losing focus on our day-to-day business. At 221 kton for 2023, we have a major delivery challenge ahead of us, also given the effects of high energy prices and continuing limited workforce availability. Projects for 2023 mostly relate to Dogger Bank B, He Dreiht, Noirmoutier and the start of Dogger Bank C. The start of building activities related to the expansion of our facilities in Rotterdam will leave limited to no space for marshaling activities. The loss of revenues from marshaling activities will be compensated by higher production compared to 2022 and we expect adjusted EBITDA in 2023 to arrive at the level of 2022.

All in all, we have exciting times ahead of us. This will demand our best efforts in safety, project management, manufacturing and innovation. We are well aware of the importance of our contribution to the energy transition, which requires tier-one products and a proactive focus on sustainable manufacturing. We thank our employees, suppliers, shareholders and customers for their solid support and commitment during 2022. In the end, it is all about delivering today to allow for the energy transition of tomorrow.

Fred van Beers, CEO

Roermond, the Netherlands,

29 March 2023

Key figures 2018 – 2022

X € 1,000	2022	2021	2020	2019	2018	Reference *
Revenue	374,543	422,541	335,433	325,600	235,140	
Contribution	130,511	114,230	101,592	101,517	74,336	(a)
EBITDA	36,426	39,061	31,756	26,371	12,550	(b)
Adjusted EBITDA	41,792	39,434	31,756	26,371	12,550	(d)
EBITDA (ex IFRS 16)	22,121	33,474	25,189	22,038	12,550	(c)
Adjusted EBITDA (ex IFRS 16)	27,487	33,847	naf	naf	naf	(e)
EBIT	12,200	17,349	11,408	9,164	(1,132)	(f)
Adjusted EBIT	17,566	17,722	11,408	9,164	(1,132)	(f)
Profit attributable to the shareholders	7,217	11,590	7,271	5,488	(2,051)	
Net cash from operating activities	50,360	91,230	34,336	30,853	5,548	
Net cash from investing activities	(20,283)	(11,493)	(4,927)	(14,485)	(3,218)	
Net increase/(decrease) in cash and cash equivalents	16,631	70,556	1,066	1,074	(372)	
Depreciation and amortization	(24,226)	(21,712)	(20,348)	(17,207)	(13,682)	
Net debt	17,566	32,482	52,119	80,291	30,377	(g)
Net debt (ex IFRS 16)	(89,832)	(73,201)	(2,645)	21,293	30,377	(h)
Net working capital	(81,484)	(65,840)	(2,859)	4,300	14,200	(i)

naf = not accounted for

* Reference to section 'Definition and Explanation of use of non-IFRS financial measures' and 'Reconciliation of non-IFRS financial measures' in the Other Information section

Key figures 2018 – 2022

	2022	2021	2020	2019	2018	Reference *
IN KTON						
Production	169	171	164	185	138	
PER SHARE X €						
Earnings	0.28	0.45	0.29	0.22	(0.08)	
Dividend	0.00	0.19	0.12	0.00	0.10	
Number of shares issued	25,501	25,501	25,501	25,501	25,501	
RATIOS %						
ROACE	28.3	43.2	18.9	8.3	(0.9)	(j)
ROACE (adjusted)	43.6	46.0	18.9	8.3	(0.9)	(k)
Solvency	29.6	32.1	39.0	35.6	43.6	(l)
COVENANT RATIOS						
Total debt/EBITDA (ex IFRS16)	0.00	0.00	0.00	1.04	n/a	(n)
Solvency (ex IFRS 16)	42.1	47.7	50.0	47.2	43.6	(m)
NON-FINANCIAL KPI'S						
LTIF per mln exposure hours	6.50	4.98	2.48	2.75	1.12	
Sickness leave %	7.89	5.10	5.50	6.59	7.24	
Gross CO2 footprint in tons **	10,422	7,378	3,538	4,392	5,866	
Net CO2 footprint in tons **	10,422	7,378	3,538	4,392	5,866	
Participation in projects that will result in renewable energy capacity	1,954	1,873	1,298	naf	naf	

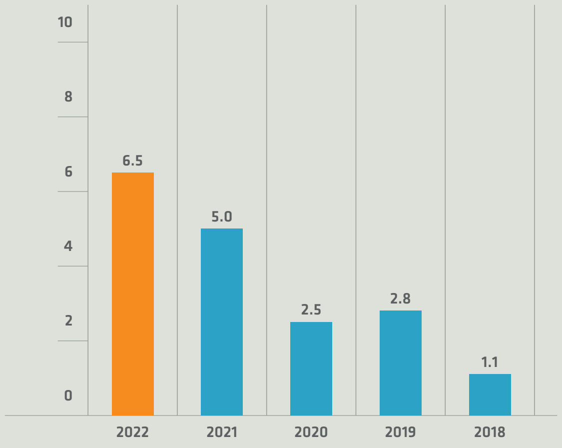
naf = not accounted for

* Reference to section 'Definition and Explanation of use of non-IFRS financial measures' and 'Reconciliation of non-IFRS financial measures' in the Other Information section

** Prior period numbers are restated, reference is made to page 47 for more information

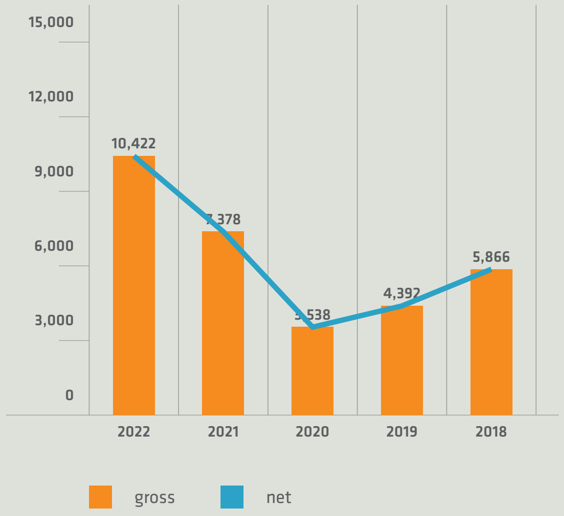
LTIF

(PER MLN EXPOSURE HOURS)



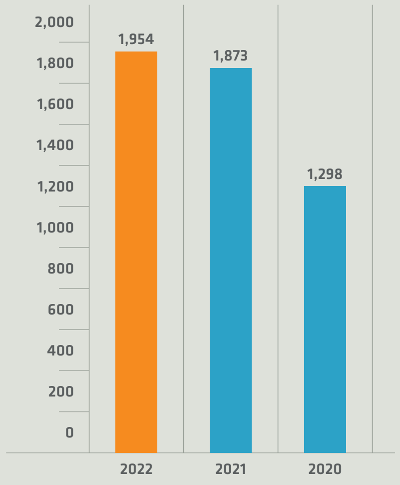
CO2 footprint

in tons (restated, reference is made to page 47 for more information)



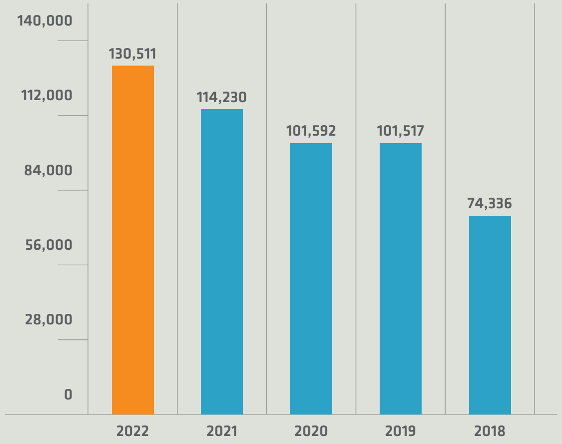
contribution to installed renewable energy capacity

in MW



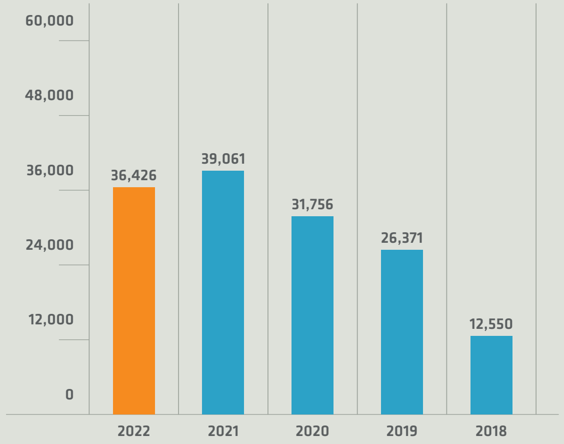
CONTRIBUTION

(IN € 1,000)



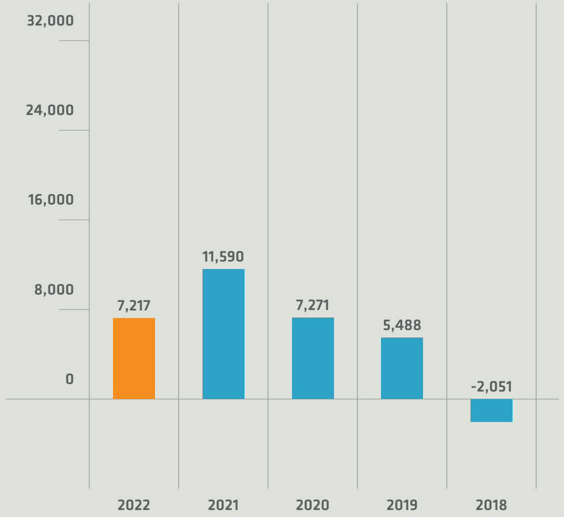
EBITDA

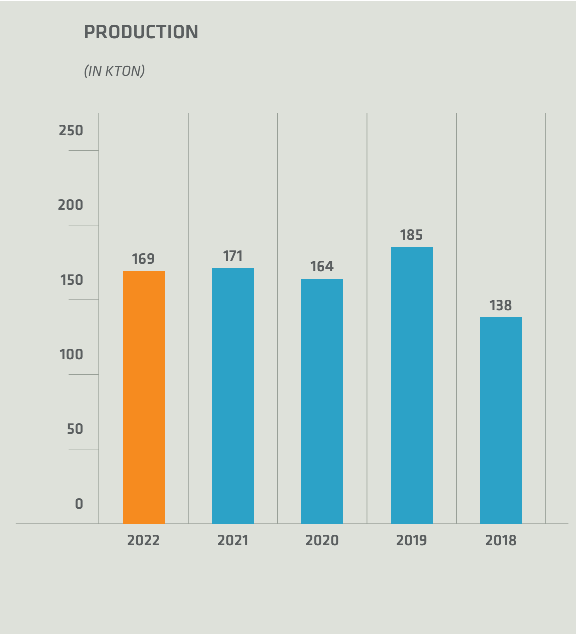
(IN € 1,000)

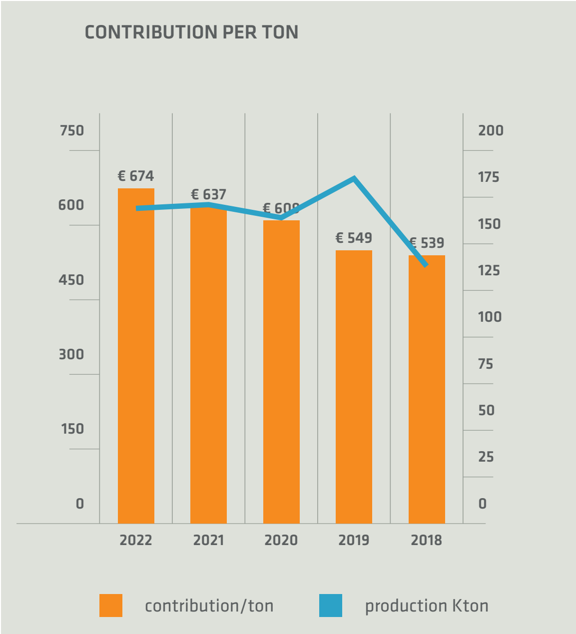


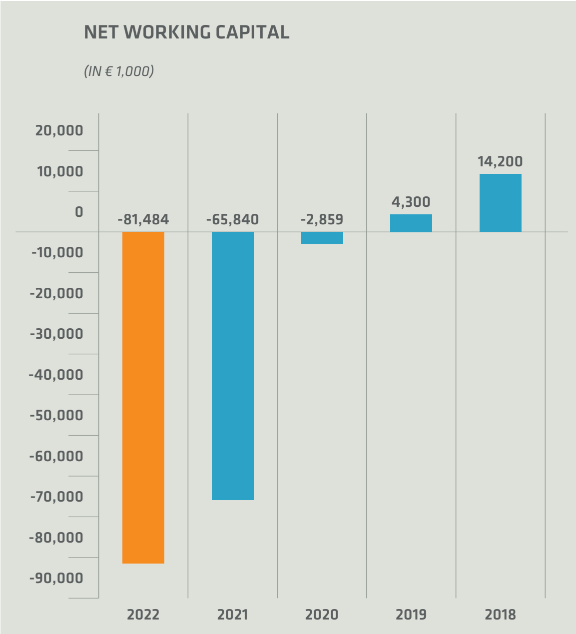
NET EARNINGS

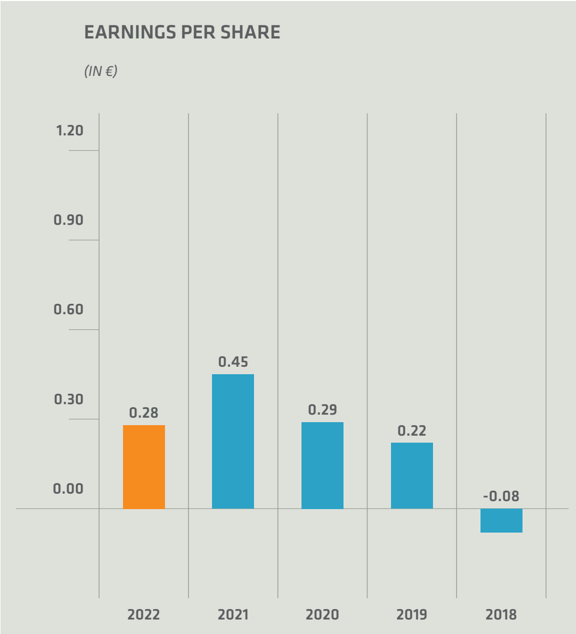
(IN € 1,000)



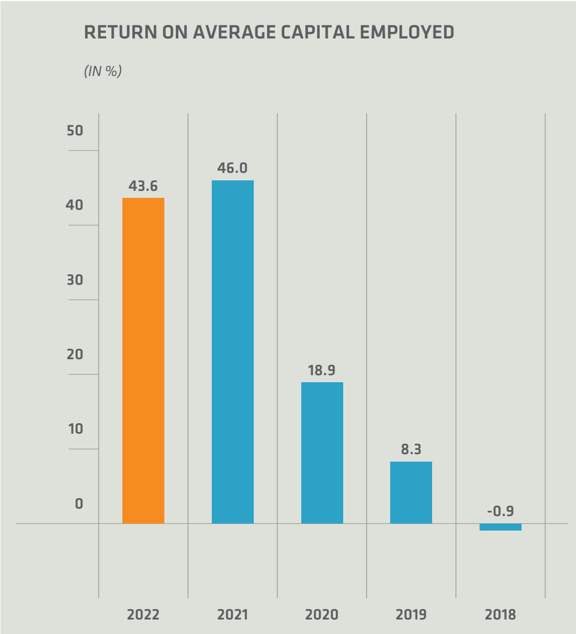

PRODUCTION
(IN KTON)
250
200
150
100
50
0
169
171
164
185
138
2022
2021
2020
2019
2018

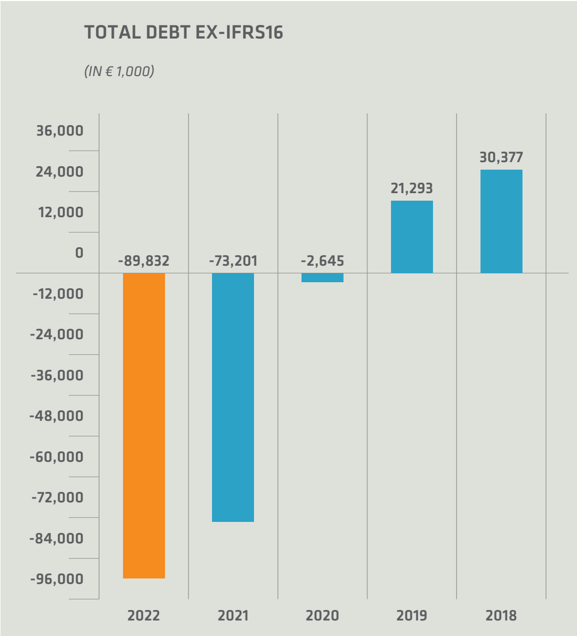

CONTRIBUTION PER TON
750
600
450
300
150
0
200
175
150
125
100
75
50
25
0
€ 674
€ 637
€ 549
€ 539
2022
2021
2020
2019
2018
contribution/ton
production Kton

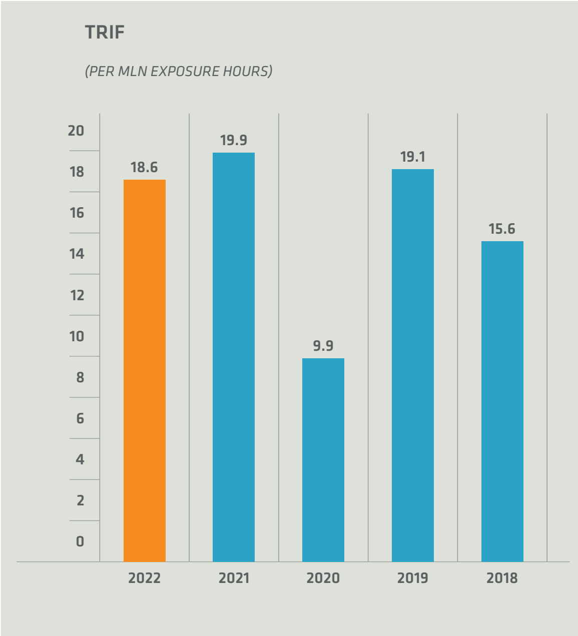

NET WORKING CAPITAL
(IN € 1,000)
20,000
10,000
0
-10,000
-20,000
-30,000
-40,000
-50,000
-60,000
-70,000
-80,000
-90,000
-81,484
-65,840
-2,859
4,300
14,200
2022
2021
2020
2019
2018

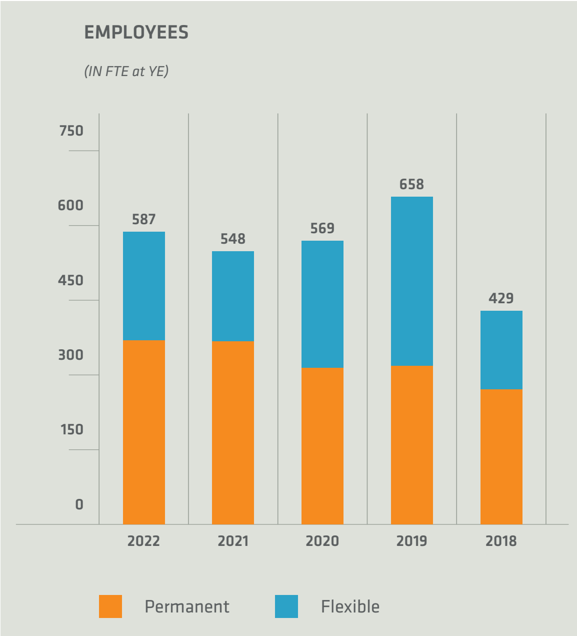

EARNINGS PER SHARE
(IN €)
1.20
0.90
0.60
0.30
0.00
0.28
0.45
0.29
0.22
-0.08
2022
2021
2020
2019
2018

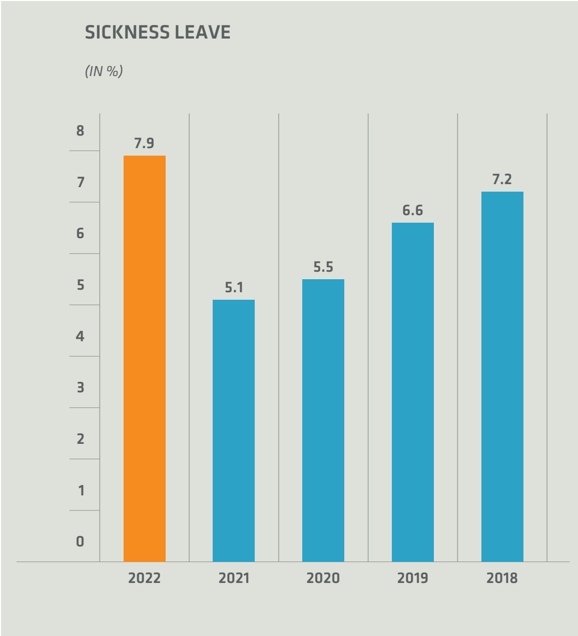

EBIT
(IN € 1,000)
48,000
36,000
24,000
12,000
0
12,200
17,349
11,408
9,164
-1,132
2022
2021
2020
2019
2018


RETURN ON AVERAGE CAPITAL EMPLOYED
(IN %)
50
40
30
20
10
0
43.6
46.0
18.9
8.3
-0.9
2022
2021
2020
2019
2018


TOTAL DEBT EX-IFRS16
(IN € 1,000)
36,000
24,000
12,000
0
-12,000
-24,000
-36,000
-48,000
-60,000
-72,000
-84,000
-96,000
-89,832
-73,201
-2,645
21,293
30,377
2022
2021
2020
2019
2018


TRIF
(PER MLN EXPOSURE HOURS)
20
18
16
14
12
10
8
6
4
2
0
18.6
19.9
9.9
19.1
15.6
2022
2021
2020
2019
2018


EMPLOYEES
(IN FTE at YE)
750
600
450
300
150
0
587
548
569
658
429
2022
2021
2020
2019
2018
Permanent
Flexible


SICKNESS LEAVE
(IN %)
8
7
6
5
4
3
2
1
0
7.9
5.1
5.5
6.6
7.2
2022
2021
2020
2019
2018

About Sif

Our spirit

SIF'S CORE VALUES

Teamwork	The 'we' of Sif is strong as a rock, both internally and externally. That is important, as we are a critical and vital component in the supply chain for offshore wind energy.
Focus on results	That's why we do the things we do. Together, we think carefully about the proper focus to ensure that today is better than yesterday. Safe, sustainable, at the highest quality level 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, focusing on solutions and respect for everyone's contribution to the bigger picture.

Our history and present profile

Sif Holding N.V. ("**Sif**") is a public limited company incorporated under Dutch law with its registered office and its principal place of business at Mijnheerkensweg 33, 6041 TA Roermond, the Netherlands. Its telephone number is +31 475 385777 and its website is www.sif-group.com. Sif is filed in the Commercial Trade Register under number 13016026. Sif's legal entry identifier ("**LEI**") is 724500JOBPD5CLHCK040. Sif is domiciled and incorporated in the Netherlands under Dutch law.

Sif was founded in 1948 in Sittard by Jan Jacob Schmeitz (Schmeitz Industrial Fabrication, Sif) as a metal working firm. In the 1970s, the company focused on pressure vessels and tubular steel pipes for jacket foundations for the oil & gas industry. The growth of the products and the related water transport requirement compelled the company to relocate to its current facilities in Roermond in 1972. From 2000, Sif capitalized on the growth of offshore wind and became a first mover in monopiles and transition pieces. Sif produced its first monopiles for the Yttre Stengrund wind farm in 2000. Since then, Sif has opened a second manufacturing location at Maasvlakte 2 Rotterdam in 2016, manufactured more than 2,500 foundations for offshore wind farms and has evolved to a leading mission-critical tubular steel foundations provider to the offshore energy markets.

In its 75-year existence, Sif has developed from a local manufacturer for oil and gas to a leading global supplier of tubular steel foundations for the offshore wind business

Vision and mission: supporting the energy transition

The world is in an urgent need of stopping global warming as a result of man created climate change. At the COP21 in Paris, held in 2015, Global leaders agreed on actions to reduce emissions, to build resilience and decrease vulnerability to the adverse effects of climate change and to uphold and promote regional and international cooperation. The most important climate goal is to limit the earth's warming to 1.5 degree Celsius.

To stay below the 1.5 degree Celsius goal, carbon dioxide emission in the EU would need to be reduced by 55% by 2030 compared to 1990 levels and to reach net zero by 2050. To achieve the 2030 target, at least 40% of energy consumption would need to come from renewable energy sources in the EU's overall energy mix as targeted in the 2020 European Green Deal. This means renewable energy needs to more than triple over the next 7 years.

Measured in Terrawatt-hours, more than 83% of global energy consumption in 2021 came from fossil sources (oil, coal and gas). More than 4% came from nuclear sources and almost 13% was renewable energy of which almost 3% generated by wind (source: BP Statistical Review of World Energy 2022). Of the 830 GW total globally installed wind capacity in 2021, 65 GW is generated by offshore wind.

The capacity of offshore wind turbines has gone up drastically over the past two decades and growth of offshore wind needs to fivefold from 2022 to 2030 to match the clean energy ambitions of the world. Our vision is to support and accelerate the growth of offshore wind power generation as a key driver to the world's energy transition.

Our mission is to propel the energy transition through the design, engineering and manufacturing of monopile solutions for offshore wind turbines. Innovation, safety and reliability are key drivers to accomplish this mission.

Our strategy and objectives

Global energy demand continues to rise as well as the demand for cleaner, more locally available energy. The growth in diameter sizes of the monopiles is required to support the ever increasing turbine sizes and power absorption.

Over the years we saw a growing offshore wind production that contributed to decreasing levelized cost of energy, to reducing the world's carbon footprint while repealing government subsidies and at the same time safeguarding bio-diversity.

Offshore wind energy can now compete with any alternative source of energy. Sif aims to contribute to a further increase in the production of robust and affordable energy through offshore wind as a key driver to the world's energy transition and is now moving towards 'total solutions partnerships' by offering engineering, manufacturing of extremely large (XXXL) unique monopiles and marshaling services for installation and decommissioning of offshore wind equipment. It takes a long-term view to acknowledge and prepare for these developments. Sif is undertaking the following short- and longer-term activities to expand and secure this niche position:

a. **Optimize manufacturing assets;** on the back of the expected growing demand for offshore wind energy, demand for more and larger monopiles is foreseen from 2025 onwards. Sif has decided to adjust and expand production facilities to meet this demand and annually produce 200 monopiles with diameters up to ø 11 meters with an initial maximum of ø 11.5 meters and a total annual volume up to 500 kton;

b. **Develop value-add design engineering;** early engagement with engineering know-how leads to solutions of enhanced quality for clients, designed-to-manufacture solutions for Sif and responsible and sustainable installation methodologies to protect sea life;
c. **Develop integrated transition piece alternatives;** limiting offshore installation activities results in safer projects at lower risks and expenses. Single-piece foundations limit the amount of weather-sensitive offshore installation activities;
d. **Logistic and marshaling services** for installation and decommissioning of offshore wind farms. With offshore equipment and parts increasing in size, demand for onshore preparations and pre-assembly increases. Locations close to the wind farm sites limit the sailing time and, therefore, transportation expenses and risks (during the building period of the new factory and as long as expansion options for the leased land are not available, possibilities for marshaling and logistics operations are limited);
e. **Support circular solutions for offshore foundations;** early-day wind farms are reaching the end of their technical or economic lifetime. It is expected that within the next 5 to 10 years, demand for replacement will grow, including the removal of depreciated wind farm parts like foundations.

To maintain focus on our strategic direction, we rely on a management team that is responsible for day-to-day leadership of the people & culture, quality, health & safety, sales & business development, marketing & communications, project management, legal, finance & tax, information technology and innovation networks. Today's project-oriented manufacturing company employs 370 full-time equivalents at year-end 2022, realizing revenues of €375 million. The transitional milestones that were recorded for 2022 are reflected in the timeline on page 1 of this report.

To support our primary services, we participate in (i) SSSF B.V. for the supply of monopiles and transition pieces, in (ii) SBR Engineering GmbH for the development of special-purpose welding equipment, in (iii) Twinpark SIF B.V. for the exploitation of the GE Haliade X wind turbine at Maasvlakte 2 and in (iv) KCI the Engineers BV for in-house engineering capabilities. While Sif traditionally serves the northwestern European markets, we consider the offshore wind market a global market.

Sif has two manufacturing facilities, both situated in the Netherlands, equipped with 47 Sif design welding machines and 8 rollers. The factory in Roermond (owned property since 1972; 10.8 hectares of which 6.1-hectare buildings) specializes in manufacturing cans and cones, transition pieces, pin piles, legs and pile sleeves with wall thicknesses up to 250mm and diameters up to 9,3 meters. Cans and cones are transported by ship to the facilities in Rotterdam for assembly and coating. Transition pieces are transported by ship to Smulders in Hoboken, Belgium for outfitting and coating. The factory in Rotterdam (leased land with privately-owned buildings since 2016; 62 hectares, of which 20 hectares since 2019) is an assembly and coating facility, where cans and cones are assembled into monopiles and provided with a protective coating. The factory in Rotterdam is situated on reclaimed land with direct access to open sea.

Sif has defined the following mid- and longer-term strategic goals:

Strategic Goals	Mid term 2-3 years	Longer term 4-7 years
Optimize manufacturing assets to enable larger and heavier monopiles	manufacture 330 kton 2025	375 kton in 2026
Participate in projects resulting in renewable energy	7 GW by 2025	20 GW by 2030
Decrease Lost time Safety incidents	LTIF < 1.5	LTIF< 0.75
Reduce carbon footprint and nitrogen deposition	electrical pre-heating	electrical or bio-fueled propulsion and heating
Earn back on investment 3-4 years	€135 million EBITDA 2025	at least €160 million EBITDA from 2026 onwards
Develop integrated transition piece alternatives	develop Skybox and revive tripod	commercialize Skybox
Expand marshaling	extend options for marshalling	build marshaling activities
Set-up chain for recycling of decommissioned wind farms	prepare for cooperation and testing	first projects

The Supply Chain for Offshore Wind Energy

Vindeby Offshore Wind Farm was the first offshore wind farm in the world, erected in 1991 off the coast of the town of Vindeby in Danmark. The 11 turbines with 450 KW capacity each, were decommissioned in 2017, after 25 years of service during which it had produced 243 GWh. In the next years, numerous new wind farms will be developed with much larger turbines and older wind farms will reach the end of their lifetime. It raises questions on tuning the supply chain and on decommissioning and circularity. At Vindeby, most of the components were recycled into new use except for the fiberglass blades that ended up in landfill. How does the supply chain look and operate, how does circularity evolve and how does this apply to Sif's activities and supply chain?

OFFSHORE WIND FARM SUPPLYCHAIN

Raw and processes materials	Sub components	Components	Logistics & Installation	End product
			Ports & Vessels	Offshore Wind Farm
Fiber glass, Carbon fiber, Resins, Foams, Paint, Balsa		Blades		
Iron	Large castings	Hub		
Special steels, Copper, Bronze	Gearbox	Nacelle		
Rare earth elements magnets, Special steels, Copper, Dysprosium alloy	Generators			
Specialised steel	Bearings			
Platinum group metals	Semiconductor			
Steel		Tower		
Steel	Monopiles & transition pieces	Foundation		
Specialised steel, Zinc, Cables	Transformers & cables	Substation & Grid connection		

(PRE)CONSTRUCTION LEAD TIME 3-7 YEARS

Source: Renewable energy world 3 March 2022. Graphic courtesy: US dept of energy.

Graph: the offshore wind construction supply chain from raw materials to end product

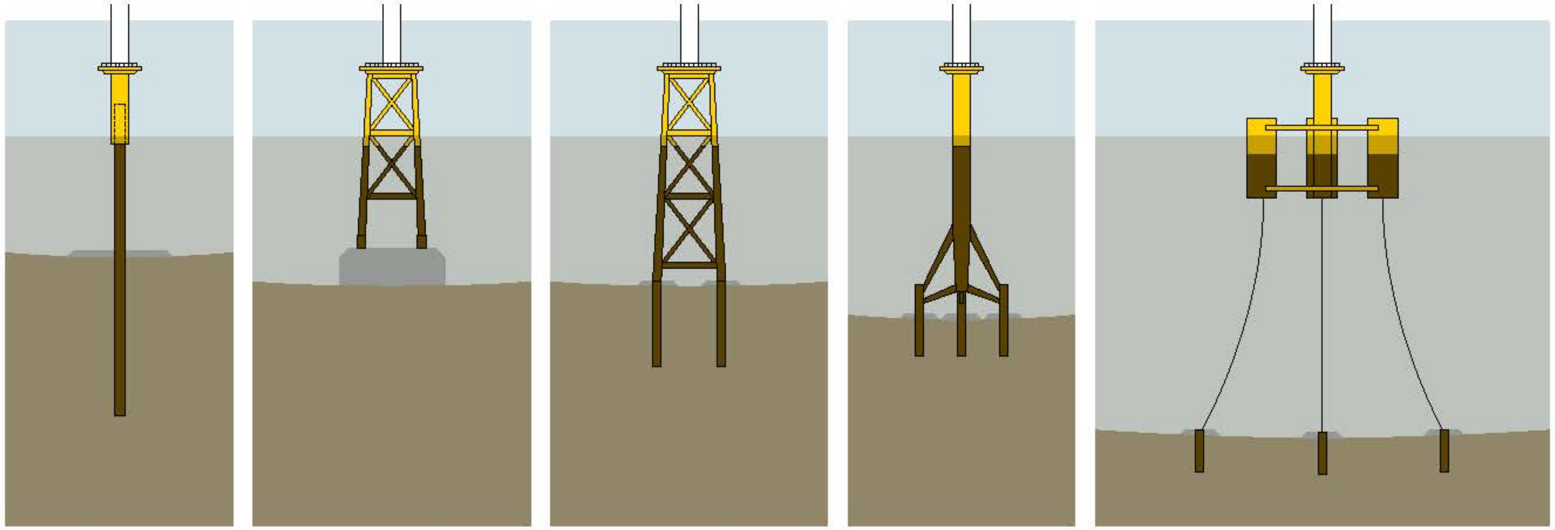
The development, construction and grid connection of an offshore wind farm generally takes between 7 and 11 years, with 3 to 5 years dedicated to the development phase, 1 to 3 to the pre-construction phase and 2 to 4 years to construction (source: Iberdrola: Construction of an offshore wind farm, https://www.iberdrola.com/about-us/our-activity/offshore-wind-energy/offshore-wind-park-construction). This implies that the lead time for the part of the project where Sif is involved (pre-construction and construction) is between 3 and 7 years. This includes tendering and contracting of all parts of the total supply chain. A large wind farm often includes between 70 and 90 turbines, less than 50% of Sif's annual production capacity of 200 monopiles; actual manufacturing of the monopiles by Sif generally takes less than 1 year. Including preparations before and load-out after the manufacturing, the total throughput time of a contract for Sif normally exceeds 1 year.

Our business

Products and Services

Offshore foundations

As illustrated in the image on page 17 there is a range of foundations for offshore energy projects. Sif designs and manufactures monopile foundations. These foundations represent approximately 80% of all foundations applied for offshore wind farms in Europe. On a global scale, between 60 and 70% of all offshore wind turbines are based on monopiles. Sif also manufactures piles that are used to anchor jacket foundations into the seabed. The monopile consists of a large tubular structure, typically with conical sections to reduce from the bigger bottom diameter to the smaller top section. Monopiles are always customized on a piece-by-piece basis in accordance with specific requirements to the product's design. Each monopile in a wind farm is engineered as a one-off to bridge the unique conditions of its location in the wind farm to the standard tower and turbine dimensions.



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

Picture: the range of foundations applied for offshore wind turbines

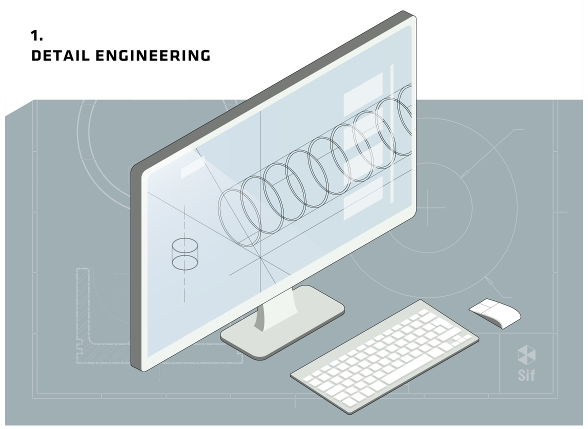
The selection of a foundation depends on several factors, the main ones being water depth, wind- and wave impact, and the seabed composition. Of the different types of foundations, the monopile is the only one solely used for the offshore wind sector. The monopile provides the best value for money. It can be used in water depths up to 60 meters. Other foundations serve both wind- and oil & gas markets. Since monopiles are not suitable for rocky seabed, jackets or gravity-based foundations are used as alternatives in these situations. Floating foundations are the only viable solution for deep(er)-water applications. Monopile foundations are often combined with a transition piece. Sif manufactures the primary steel for these transition pieces. Whereas the monopile is uniquely designed and manufactured for its position in a wind farm, transition pieces have the same design for all foundations in a specific wind farm. After installing the monopile, the transition piece is installed on top of the monopile. Our partner Smulders adds all secondary steel components such as boat-landings, ladders and switchboards to the primary steel of the transition piece and assures the right quality coating is applied. More recently alternative monopile designs are based on transition-piece-less solutions whereby the secondary steel items are installed on the monopile offshore, after installation of the monopile in the seabed.

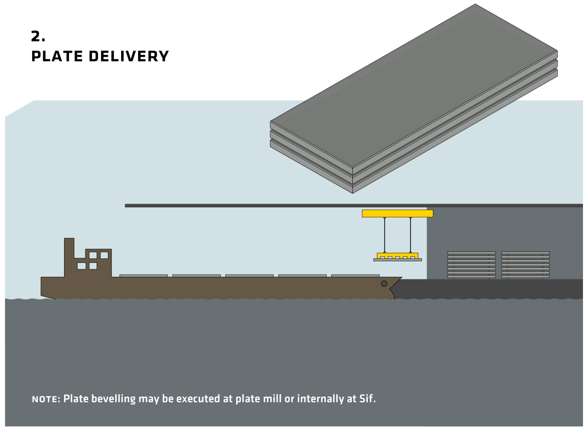
The supply chain for offshore foundations consists of:

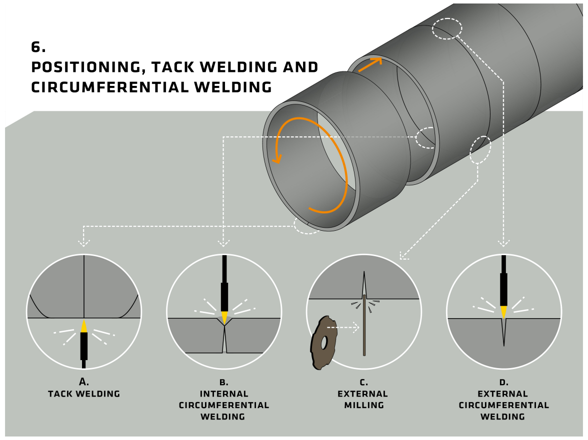
- the foundation design which is based on site-survey information,
- iron ore mining,
- steel plate manufacturing,
- steel flange manufacturing,
- detail-engineering,
- rolling and welding of steel for monopile and transition piece manufacturing,
- outfitting of transition pieces or transition-piece-less monopiles with platforms, boat landings, switchboards, and
- blasting and coating of completed foundations.

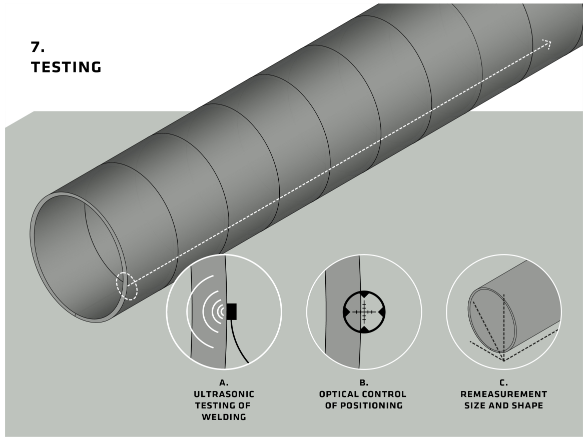
After that, the completed foundations are transported to the wind farm location for installation.

Sif's core competencies are value- and detailed manufacturing engineering, serial rolling, automated welding and coating of the extremely thick steel plates. This results in unique tubular offshore foundations (monopiles and transition pieces) and foundation components (jacket legs, pin piles, and pile sleeves). You will find an overview of Sif's manufacturing steps on this spread. Iron ore mining, steel plate and steel flange manufacturing, outfitting of transition pieces and transition-piece-less monopiles and coating completed products are competencies of Sif's business partners (suppliers, joint venture partners or subcontractors).

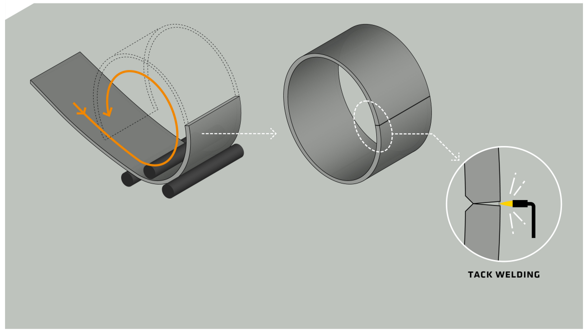




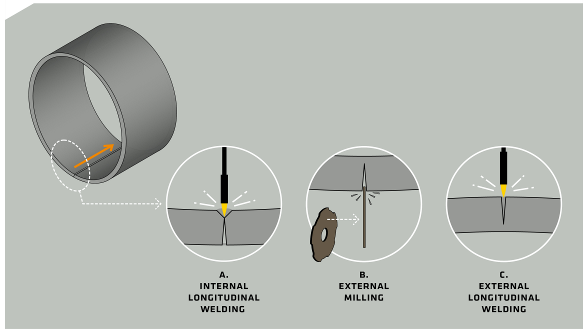




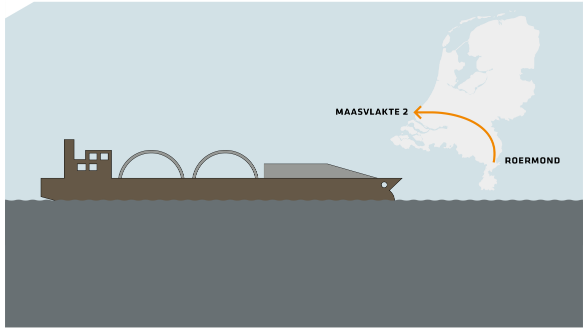
3. ROLLING, POSITIONING AND TACK WELDING



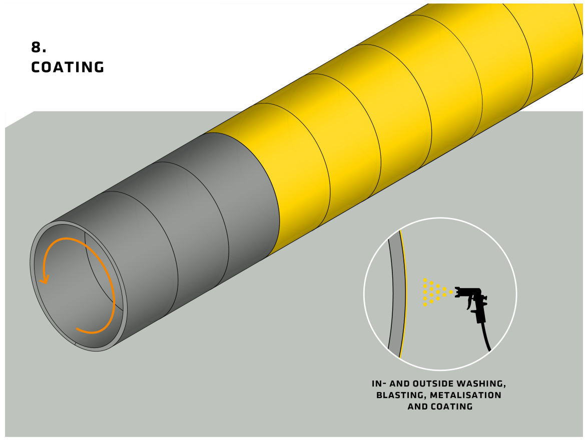
4. LONGITUDINAL WELDING



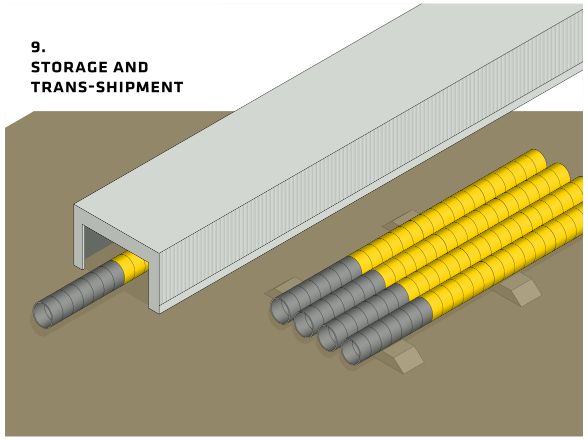
5. TRANSPORT CANS, CONES AND SECTIONS TO MAASVLAKTE 2



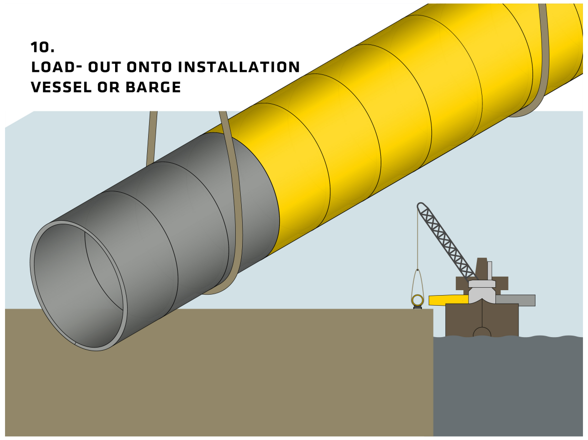
8. COATING



9. STORAGE AND TRANS-SHIPMENT



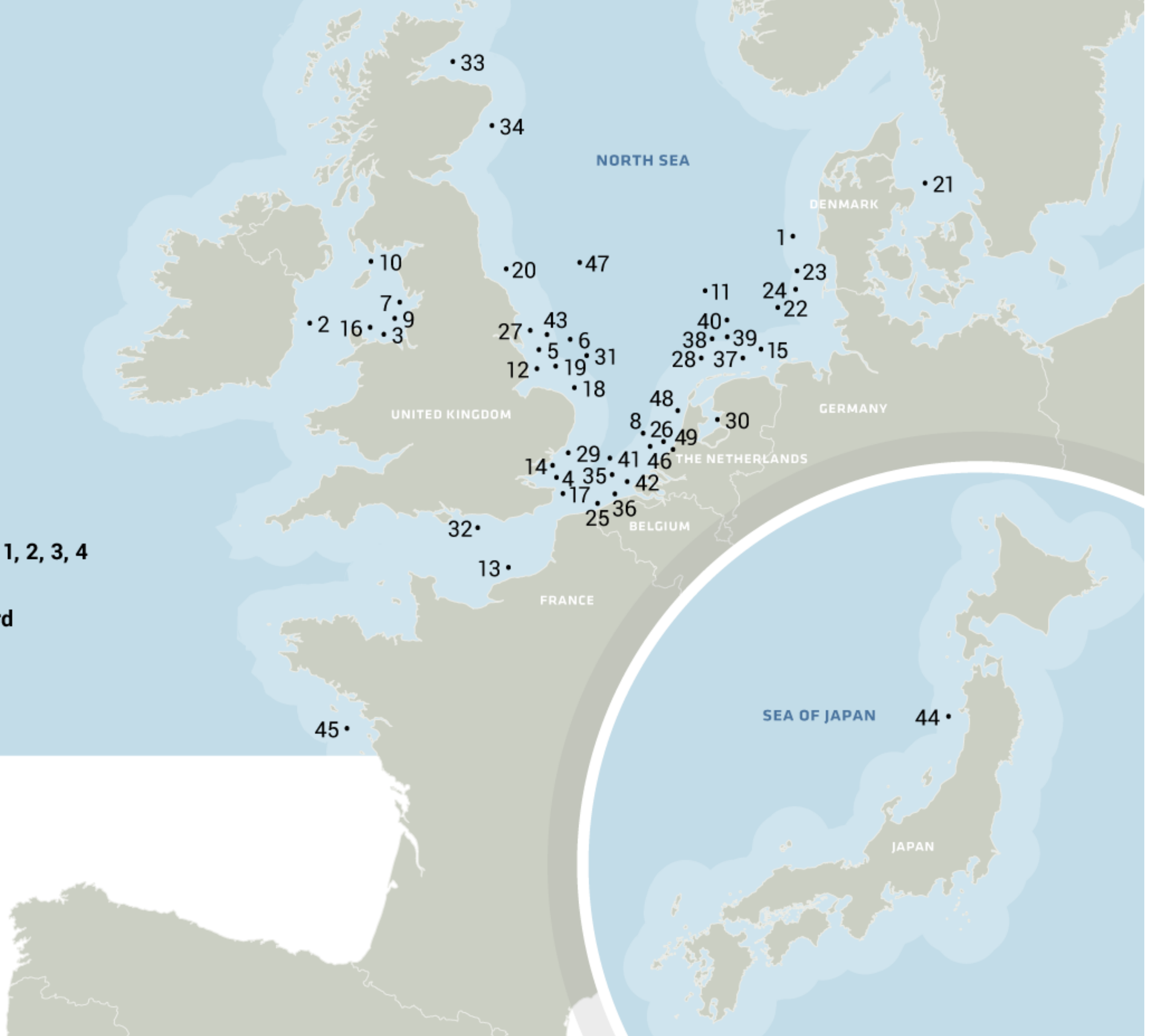
10. LOAD- OUT ONTO INSTALLATION VESSEL OR BARGE



Sif has produced over 2500 monopiles since 2002

WIND FARMS SUPPLIED BY SIF

1 Horns Rev
2 Arklow Windfarm
3 North Hoyle
4 Kentish Flats
5 Race Bank
6 Docking Shoal
7 Barrow
8 Princess Amalia
9 Burbo Bank
10 Robin Rigg
11 Bard
12 Lynn & Inner Dowsing
13 Côte d'Albâtre
14 Gunfleet Sands
15 Alpha Ventus
16 Rhyl Flats
17 Thanet
18 Sheringham Shoal
19 Lincs
20 Teesside
21 Anholt
22 Meerwind
23 Dan Tysk
24 Amrum Bank
25 Northwind
26 Luchterduinen
27 Humber Gateway
28 Gemini
29 Galloper
30 Westermeerwind
31 Dudgeon
32 Rampion
33 Beatrice
34 Aberdeen Bay
35 Rentel
36 Norther
37 Trianel
38 Deutsche Bucht
39 Hohe See
40 Albatros
41 Seamade
42 Borssele 1, 2, 3, 4, 5
43 Triton Knoll
44 Akita-Noshiro
45 Saint-Nazaire
46 Hollandse Kust Zuid 1, 2, 3, 4
47 Dogger Bank
48 Hollandse Kust Noord
49 Maasvlakte 2



Sif
OFFSHORE FOUNDATIONS

Engineering
In 2021, Sif acquired KCI the Engineers. The purpose of the acquisition was to reinforce the detail engineering capacity of Sif in order to serve clients with in-house value engineering services with the aim to reduce the overall product costs and to optimize the manufacturing. KCI the Engineers is an established brand in offshore engineering and services clients in the offshore renewable energy, hydrogen and structural design sector with value-engineering.

Marshaling and logistics
With marshaling activities, Sif anticipates both on the trend towards larger dimensions for offshore installations and on the demand from clients to keep assembly hubs close to the sail-out location and the wind farm. Furthermore, we anticipate the decommissioning market that will open once wind farms come to the end of their lifetime which is expected five to ten years from now. Sif started marshaling activities in 2019. Clients are served with space and (possibly manned) equipment to assemble and commission before installation offshore. For decommissioning activities, Sif offers to bring their decommissioned products ashore in order to prepare them for dismantling, recycling or scrapping. For this purpose, Sif expanded the Maasvlakte 2 area by leasing an additional 20 hectares in 2019.

Business partners, co-makers
Sif has strategic partnerships with Dillinger Hüttenwerke AG in Germany for the supply of the required steel plates, Euskal Forging AG in Spain for steel flanges, Eiffage Smulders in Belgium for steel applications to transition pieces, Glacier Energy in Scotland for non-destructive testing, Rederij De Jong in the Netherlands for inland barge transportation and Van Ginkel Groep in the Netherlands for blasting and coating.

Picture: forefront the roll-on-roll-off quay at Maasvlakte 2 Rotterdam

Monopiles are composed of unique, large and heavy steel plates measuring up to 26 by 4 meters and weighing up to 42 ton each that are manufactured and supplied by Dillinger Hütte, based in Saarland, Germany. Dillinger has the ambition to be climate-neutral by 2045. To achieve this, they decided to invest in transforming their steelmaking process from traditional blast furnaces to electric arc and direct iron reduction technology. Enough (green) hydrogen and green electricity should be available to make the production of green steel possible. The same applies to the availability of large amounts of steel scrap. Construction of a direct reduced iron plant and two electric arc furnaces will begin in Dillingen and Völklingen in 2023, and production of 3.5 million ton of "green" steel per year is to start in 2027/2028. Dillinger's aim is to cut carbon emissions by 55 percent by 2030– 4.9 million metric ton per year. In a second phase, a third electric arc furnace will be completed by 2045, enabling Dillinger to produce a total of 4.9 million ton of climate-neutral crude steel per year. This will require an investment of around EUR 3.5 billion (source: Pure Steel+ – Our path to green steel (pure-steel.com). At the end of their lifetime, monopiles become scrap – and thus a vital feed material for new steel production. Application-orientated recycling assures infinite reuse. Sif and Dillinger are preparing to recycle steel after decommissioning wind farms.

The connection between monopiles and the turbine tower (TP less design) or between a transition piece and the tower is realized by means of a flange connection. These flanges are welded with tight tolerances to the top of the monopile or transition piece and are mostly supplied by Euskal from Bilbao in Spain. Flanges can be recycled as feed-in for green steel production.

Secondary steel applications are installed on transition pieces by Eiffage Smulders in Hoboken, Belgium. These steel applications can also be recycled as feed for new steel production.

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

Non-destructive testing is subcontracted to Glacier Energy and executed on location (Roermond or Rotterdam).

Transportation of cans, cones, sections and transition pieces from Roermond to Maasvlakte Rotterdam or to Hoboken is done by Rederij de Jong, using barges that are long term and spot market rented and partly Sif-owned. The carbon footprint of Rederij de Jong is included in Sif's scope 1 emissions. The plan to reduce the carbon footprint is partially based on the replacement of diesel for the propulsion of the river push or tug vessels by bio-diesels or investment in green propulsion concepts able to run on alternative green fuel solutions like hydrogen. The plan is to become carbon neutral on the inland river transports by 2030 the latest.

Picture: the diameter of a monopile refers to the diameter at the bottom. Towards the top of the monopile, the diameter reduces to 8 meters through the use of cones to match the diameters of the towers or transition pieces

Product development and expansion plans

From 2025 until 2030, the vast majority of monopiles in Europe will be in the 9 to 11.5 meters diameter range. For applications along the east coast of the USA, diameter sizes are typically larger due to more difficult soil conditions, bigger water depths and more robust requirements to withstand the hurricane season and ocean swell. Monopiles with diameters above 11.5 meters will therefore become more common in the USA in the future. To be able to manufacture large monopiles for the EU market and, to some extent, specific USA projects, Sif has initiated the project internally referred to as P11 in 2019 and has taken a final investment decision on 13 February 2023 to invest 328 million euro in the extension of its existing manufacturing facilities. The plan comprises new manufacturing facilities to be built at Maasvlakte 2 Rotterdam, starting April 2023 and fully operational by 1st January 2025. The investment will increase Sif's annual manufacturing capacity to 500 kton (reference base of 200, 2,500 tons, 11-meter diameter monopiles per year). Sif has contracted orders or is exclusively negotiating with launching customers Ecowende and Empire Wind for all together 348 kton capacity. The expansion will be financed through a mix of €100 million Advanced Factory Payments from the launching customers, €81 million term loans from Invest-NL and a banking consortium of ABN AMRO, ING, RABO Bank, AKA and DNB, €40 million lease agreement from RABO Bank, issuance of preferred shares to raise €50 million preferred equity to Equinor and issuance of common shares to raise €50 million (via a rights issue that is underwritten by cornerstone shareholder Grachtenheer 10). Based on the launching orders and market visibility, Sif expects EBITDA to arrive at €135 million for 2025 and at least at €160 million for 2026 and beyond, yielding an earn back period of max 4 years.

More information on P11 on the next page of this annual report.

Merits of the P11 Investment and Financing Plan

Investment

- Capex mln **€328**
- Start Building 1 April 2023
- Fully operational January 2025
- Launching Capacity **348 kt**
- Annual Capacity **500 kt**

Returns

- Earn back max **4 yrs**
- Improved safety
- new jobs **200**
- Lower carbon footprint
- EBITDA mln **€160** from 2026

Financing (millions)

- Advanced Payments **€100**
- Term Loan Facility **€81**
- CumPref shares **€50**
- Ordinary shares **€50**
- Lease Facility **€40**

*details of the project and the financing thereof are in the 13 February 2023 press release of Sif Holding NV

Sif has a permanent innovation agenda consisting of either offshore wind energy projects with embedded innovations or dedicated innovation projects aiming at higher output, lower manufacturing costs, lower installation expenses, shorter and safer offshore installation, faster manufacturing, extended lifetime or less environmental nuisance. An example of embedded innovation is the value engineering concept for the transition piece-less designed monopile, where savings are realized in steel costs and installation times at sea are shortened. For some recent projects Sif successfully applied the value based concept.

The innovation that also contributes to shorter and safer offshore installation is the Skybox, where Sif's designers worked together with DOT (Delft Offshore Turbines) and consulted with technicians to design an innovative access platform concept that slides over the monopile with a slip joint connection. The Skybox concept makes it possible to apply one offshore hoist only to complete the transition piece-less design monopile with all required secondary equipment.

'Innovations that increase output, reduce costs, extend lifecycles and limit residual nuisance contribute to sustainable energy production and affordable energy over a longer-term.'

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

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

Markets

Sif serves the global offshore wind energy markets to contribute to the global energy transition.

Trends and developments

The world needs to halt the rapidly increasing climate change. The most important climate goal is to limit the earth's warming to 1.5 degree Celsius. To stay below the 1.5 degree Celsius goal, global carbon emissions need to be reduced drastically. World leaders have agreed that a net-zero emission should be pursued by 2050. Initiatives have been announced in Europe through the European Green Deal, setting out priorities for 2019-2024 that should enable a net reduction of greenhouse gas of 55% by 2030 compared to 1990 and a net-zero exhaust of greenhouse gas by 2050. To achieve that net-zero target, Europe is looking at a minimum of 300 GW European offshore wind capacity. In the USA, the Biden administration announced its intention to cut greenhouse gas emissions by 50-52% by 2030 compared with 2005 levels and a longer-term goal of net-zero emissions by 2050.

Measured in Terrawatt-hours, fossil sources (oil, coal and gas) contributed for more than 83% of the global energy consumption in 2021. This has hardly changed in comparison to 2020. More than 4% came from nuclear sources and renewable energy contributed almost 13% of which almost 3% was generated by wind (source: BP Statistical Review of World Energy 2022). Of the 830 GW total installed wind capacity in 2021, only 7% was generated offshore. Offshore wind on a global scale is still at the early stage of expansion. Analysts at WoodMackenzie assessed the global addition in 2022 at 9.5 GW of which 4 GW in China and 5.5 GW in the rest of the world, mainly Europe, bringing the global total at 65 GW.

There is a direct relation between offshore wind energy and the levelized cost of electricity ("**LCOE**"). According to Wood Mackenzie, offshore wind leads the cost reduction race, with LCOE reducing 68% by 2050 making offshore wind the most cost-effective source of energy in 2050 after solar and onshore wind. Transmission and storage cost is a key cost area for this technology as farms scale up and move further offshore. The idea to develop offshore wind production hubs, with average turbine hub heights almost doubling to 200m by 2050 and turbine ratings growing from 9 to 18, maybe 25 MW raises the question whether or not integrated cost synergies and facilitate systems integration still apply. Industry analysts at Wood Mackenzie expect offshore wind production capacity to increase from 65 GW in 2022 to 340 GW in 2030. In 2022, 449 GW was added to the pipeline and increased the total to 1.4 TW (sources: Wood Mackenzie: Europe Levelised Cost of Electricity (LCOE) 2022 outlook to 2050, October 2022 and WoodMackenzie, 2022 in review for offshore wind dated January 2023).

Customers

Clients for both foundations and marshaling activities include energy companies such as Eneco, E-on, Equinor, Iberdrola, Innogy, RWE, Shell, Vattenfall, developers such as Orsted, SSE, Triton Knoll and Engineering, Procurement, Construction and Installation ("**EPCI"**) contractors and fabricators such as Boskalis, Dragados, Eiffage, Geosea DEME, Heerema Marine Contractors, Jan de Nul, Kvaerner, Van Oord, Saipem and Subsea7.
Sif's geographic focus is on projects in north western Europe and the Baltic area, with a growing interest in north east American initiatives. Most of Sif's projects are for clients in Europe, and relate to the manufacturing of monopiles for contract partners in the offshore wind industry. On average Sif has 3 to 6 projects at hand in any calendar-year. The first table below reflects the geographical revenue-split in 2022, based on the domicile of the client. The second table reflects the revenue-split over segments in 2022.

AMOUNTS IN EUR '000	2022	2021
The Netherlands	156,074	270,701
United Kingdom	198,353	143,252
Norway	12,483	547
France	790	2,320
Japan	60	3,308
Rest of the European Union (EU)	5,933	2,413
Rest of the world	851	-
Total revenue	374,543	422,541

AMOUNTS IN EUR '000	2022			
	Wind	Marshalling	Other	Total
- Revenue from construction contracts	352,863	3,422	7,606	363,891
- Operational lease income	-	9,084	1,568	10,652
Total revenue	352,863	12,506	9,174	374,543

Competition

In 2022, Sif manufactured its 2,500th monopile. Sif (the Netherlands), EEW Special Pipe Constructions GmbH (Germany), Steelwind Nordenham GmbH (Germany) and Bladt Industries A/S (Danmark) are the main industrial manufacturers of monopile foundations with an established manufacturing history. They have built up a combined market share of almost 100% in Europe with a total annual production capacity of approximately 575 monopiles.

‘Sif has manufactured its 2,500th monopile in 2022 and historically has a market share of close to 40% in monopiles.’

Picture: load-out monopiles for Dogger bank

Haizea in Spain and Dajin from China have joined the supply side and are together able to manufacture approximately 125 monopiles on an annual basis for the European market. EEW-Orsted in New Jersey, USA, US Wind in USA, SeAH in the United Kingdom and Navantia/Windar from Spain as well as Bladt and Haizea have announced initiatives for investing in (extension of) monopile manufacturing plants. Total potential additions to the supply side are more than 1,000 monopiles per year, Sif’s P11 extension plans included.

Our people

First time right is of vital importance to our business. Production step recalls, repairs and incidents frustrate our workflow and have a significant operational and financial impact. Our key strength are the people who engineer the end products, that design the work processes and who operate the machines and equipment that enable us to do things first time right.

Given the increasing quality demands on our products and products getting bigger and more complicated, it is a necessity to nurture a future-proof workforce: attracting, training, committing to and retaining of the best people, empowering them to optimize team-performance, to take ownership and to focus on results are key in today’s labour market. The (executive) Management Team is putting strong emphasis on connecting with potential candidate groups via various recruitment channels and to promote diversity in the broadest sense on, amongst others, ethnicity, religion, nationality, age, gender, education, experience and perspective. Diversity ensures that we reinforce each other, bring out the best in each other and cooperate optimally. Promoting diversity also offers a larger pool of candidates and enhances recruitment efforts. Providing an inclusive workplace makes diversity work. It’s widely acknowledged that gender imbalance is more common in operational or heavy industries. Improving our gender diversity therefore remains a challenge, especially on the shopfloor. At year-end, 6% of our total workforce were women. Be it slowly, we see more women entering various management levels. And we also see a slow but nevertheless increasing interest amongst women in technical studies. We see a shared value proposition in working with people with disabilities, labour immigrants, refugees or un (and under)-employed people and apply the equal-pay principle for equal jobs.

New ventures with business partners and student teams to break new grounds like a program on testing of green hydrogen production at sea, enable us to learn from the next generation and to connect with key universities.

Picture: monopile for Hollandse Kust Zuid on SPMT

Attract

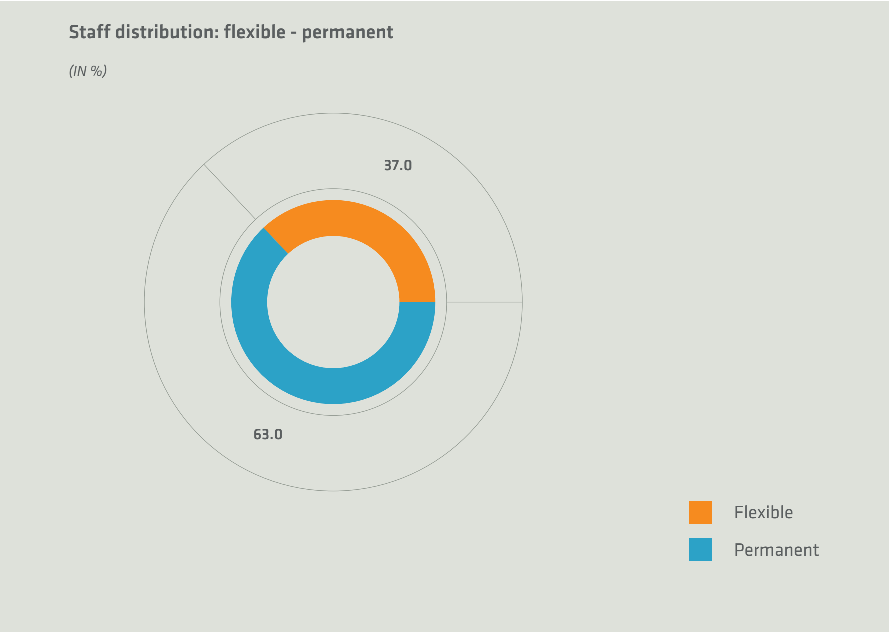
To absorb the volatility of our project business, we need a degree of flexibility in our workforce and activities. In addition to our permanent (payroll) workforce, Sif employs external (flexible) workers on a project-by-project basis or through staffing agencies and subcontracts for certain activities such as, welding, rolling, grinding and preservation for corrosion, transportation and testing. Anticipating the expected supply-demand imbalance in combination with a shortage of skilled technical labor and the need for 200 FTE additional workforce once the expansion of our production capacity is completed in 2024, Sif has started to rebalance the workforce in favor of more permanent jobs. Part of this ambition is an extensive recruitment plan. A new employer branding campaign will be the key focus area for Sif to attract people.

Activity and engagement on our own digital and social channels is increasing. The Sharepoint portal at Sif is fundamental in enhancing our employer branding and informing our international employee community and is supplemented by quarterly townhall meetings, quarterly magazines and monthly newsletters for department-managers. The entrepreneurial voice, the technical environment, our role in the energy transition and the continuation of investments in innovation and capacity play an important part in attracting new colleagues.

In 2022, based on year-end, our flexible staff was 37.0% compared to 32.8% at year-end 2021. At the end of 2022, the total workforce was 587 FTEs (full-time equivalents) compared to 548 FTE at the end of 2021.

Sif does not employ anyone under the age of 18 and pursues that its suppliers and subcontractors do not employ anyone under 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 very limited and non-existent with the partners we certified.

Most employees at Sif are remunerated based on the collective labor agreement for the metal industry ("**CAO metal and technique**"). Collective labor agreements are agreed upon between the metal industry employers, the Dutch government, and employee trade unions. All Sif-employees are free to join trade unions and participate in social partners negotiations to close collective labor agreements for the industry. The present "CAO metal and technique" has a duration of 30 months starting1 October 2021. It includes an 8% wage-increase, rolled out in a few phases over the 30-month period. Employment conditions are in line with or exceed the average employment conditions applicable in the Netherlands and include clauses for special leave situations. Tax and other deductions and remittances are in line with European standards, regulations, and legislation. Sif pursues that its suppliers and subcontractors pay their workers a fair salary based on fair working hour regulations and assure fair employment conditions according to the applicable legislation.



Train and Reward

Our training programmes are designed to improve personal and team performance. An annual amount of 250 thousand euro is reserved for training. An additional 150 thousand euro per annum is budgeted for the roll-out of personal development plans ('PDP's').

In total approximately 350 employees, both permanent and flexible, participated in our 2022 development programmes. In close collaboration with labour unions, the Works Council and employers' organisation FME, we introduced a new function appraisal system (ISF system) in 2022 in which functions are (re)weighed and classified. This forms the basis for the salary scales as well as the education policies. In close cooperation with and based on the approval of the works council (Instemming) a new appraisal and salary increase policy is introduced from 2 January 2023 onwards. This new policy allows for performance related remuneration in 2024 based on targets set early 2023.
A more team oriented approach stimulates the development of individual employees and craftmanship within the various teams. To support and monitor the roll-out of the pay-for-performance remuneration system, performance assessment cycles apply.

Commit and Retain

Key positions in our production and engineering teams often require multi-year training, education and experience. Obviously, retaining our people is crucial. Even more crucial than attracting new colleagues. We managed to commit and retain these colleagues also by leveraging strict rules and by investing in safe workplaces.

Safety is the number-one priority for Sif but unfortunately the ever increasing weights and dimensions of our products combined with a reduced level of experience of the incoming workforce has resulted in an LTIF increase compared to 2021. A continued effort to implement safety refreshment trainings (Tool box meetings) and organization of specific safety culture workshops, personal protection and investments in safer workspaces should result in a structurally safer workplace.

It is our responsibility to offer our employees a safe workplace, provide them with opportunities for training and contribute to their personal development. To assure a safe mental and physical workspace all employees have access to a physiotherapist and are offered an annual medical check-up to support their health and well-being.

> Following onboarding, every new employee (permanent and temporary) receives a login for the Sif-academy. They are obliged to follow safety instructions through the Sif-academy and are only allowed into their workspace after successfully passing the English, German or Dutch exam for the safety certificate (VCA or VCO-vol);

> once started at Sif, permanent employees maintain their 24/7-access-login for various e-learnings. These e-learnings include information on COVID-19 and working from home but also include training of job or business specific skills, leadership and communications;

> our manufacturing staff follows safety and first-aid training and job-related training such as hoisting and lifting, forklift truck, electrical etc;

- an absenteeism process with coaching is in place to improve and maintain the wellbeing of our staff. Related to COVID-19 and the impact on mental health of measures to prevent infection, additional measures were introduced to safeguard wellbeing.

In addition to the collective labour agreement, we paid all our employees in 2022 a “premium of appreciation” of net €100 and a net €200 allowance for compensation of energy costs and inflation. In December 2022 this was complemented by a gross €750 award to all employees, permanent and flexible, with more than 12 months service and €375 to all employees with less than 12 months service.

Our social and community involvement is reflected in countless regional and local philanthropic and community engagement initiatives, such as donations to charities, sports clubs, cultural initiatives and partnering with schools and universities to share knowledge.

When recruiting, internal candidates are given priority in order to retain and nurture internal talent and to offer opportunities for career development. For management, this requires a strong commitment to facilitate internal moves and to make them successful. All these efforts contribute to building a sustainable people centric organisation.

Stakeholder- interaction

With products and services geared to offshore wind energy growth, Sif contributes to a more sustainable world. Sif applies integrated reporting on its environmental, social, financial and governance performance. In this section of the annual report, we report on how Sif engages with its various stakeholders to ensure alignment between the sustainability of our ambitions and the needs of stakeholders including those outside Sif's direct value chains.

Stakeholder dialogue

As a company active in the energy transition, we interact with owners, developers and EPCI contractors, we interact with employees, suppliers and subcontractors, we interact with shareholders and other capital providers and we communicate with other stakeholders such as end-users, governmental and non-governmental organizations. We interact with all these groups and with some more intensively than with others. These interactions give us an idea of the environmental, social and governance topics relevant to stakeholders that impact our business. In 2022, we conducted such impact analysis on the basis of desk-study and intensive dialogue with clients, suppliers, government, financers and employees during one-on-one or one-on-few meetings. In 2022 this was for a large part the case in relation to our P11 expansion plans. To get a broader and more integrated view and to assess the significance of the topics, we have scheduled stakeholder interaction sessions for 2023. In these sessions we will discuss our strategy and we aim to prioritize the most significant topics that impact Sif and the different stakeholders as defined by the EU Sustainability Reporting Standards (ESRS).

In 2022 we had interactions with several industry-related stakeholders to discuss material industry issues. One example is our commitment to the Offshore Wind Foundations Alliance, a coalition founded by experienced European offshore wind foundations manufacturers to jointly pursue a coordinated EU-policy on the supply of foundations for offshore wind farms in Europe.

Already in 2020, Sif joined the getting-to-zero coalition to jointly give a push to accelerating maritime shipping's decarbonization with the development and deployment of commercially viable deep-sea zero-emission vessels by 2030 'Getting to Zero Coalition' (globalmaritimeforum.org).

Material topics

Unprioritized topics that impact Sif's business and seem relevant to stakeholders:

Recruiting, training and retaining labor	Investments, returns and earn back
Safe and healthy working conditions	Timely and flawless delivery
Limited sourcing steel plates and flanges	Pay-for-performance, equal pay
Earnings predictability	Circularity of materials
Large shareholder overhang and liquidity of shares	Unit growth; impact on LCOE and supplychain
Nitrogen deposition, carbon emission	Disturbance of sea life and bio diversity
Lead times of projects and capacity utilization	

We are convinced that dialogues with business partners, financers, employees lead to substantive results and stimulates innovation. Examples of our stakeholder consultations and the topics that were discussed in 2022:

Stakeholder	Topics discussed	
Employees, schools and Works Council	Recruit, train and retain skilled labor	Labor markets for skilled labor are tight. Sif recruits internationally through staffing agencies. For more permanent positions, Sif maintains in close contact with technical schools and educational institutes and is often represented at Labor trade fairs. Sif applies the master-student principle for training rolling and welding specialists. The planned expansion of production facilities will require an additional 100 FTE. For that purpose, Sif has initiated a recruitment plan in 2022, including an extensive labor market recruitment campaign.
	Safety and healthy working conditions	Most of our employees have limited access to online communication tools during working hours. Quarterly town-hall meetings and information sessions at shift changing moments are used to interact with the workforce. In 2022 this was done amongst others to talk about safety and about the job-appraisal and remuneration policy Sif has recently introduced. Interactive dialogue is held with (representatives of) the Works Council. In 2022 five meetings took place of the Works Council and executive management during which consultations were done on topics like HSE (Health, Safety, Welfare), investments amongst others in manufacturing facilities, impact of the war in Ukraine and working conditions. Availability of skilled employees, remuneration and working conditions (safety in relation to increasing product sizes more in particular) were items of concern for the Works Council. Once in 2022 the Supervisory Board member that was recommended for appointment by the Works Council participated in a meeting. Various project related meetings were held on both P11 and the appraisal and remuneration policy.
	Pay-for-performance, equal pay for equal work	Sif has a large representation of foreign labor, often coming from Eastern European countries. Sif applies pay-for-performance and equal pay for equal work as standard conditions. Same applies to work by different genders, religions, races and ages.

Stakeholder	Topics discussed	
Shareholders and sell-side analysts	Earnings predictability	Post releases of interim and full year results, we discuss results with sell-side analysts. These presentations are audio-webcast and transcript, both archived on our website. During the year, except during black-out periods, we are in contact with sell-side analysts and investors on a regular basis to discuss amongst others the dynamics of the industry, the effects thereof on Sif-earnings and Sif's financial, social and environmental plans and performance.
	Investments and earn back periods	To discuss strategic developments, we occasionally organize capital markets days for which we invite a broader audience. These events are also webcast. The strategic direction and earn back of investments are discussed at these occasions.
	Large shareholder overhang and liquidity of shares	In 2022 we talked to our largest shareholder Grachtenheer 10 (49.2% of issued shares) under the confidentiality arrangements of the Relationship Agreement during 19 meetings, mainly about expansion plans.
Suppliers	Limited sources for delivery of steel plates and flanges	We view our suppliers and subcontractors as long-term co-makers and we work closely with them on production but also in areas such as innovation and circularity and supply chain integrity. For that purpose, we organize regular audits at the plants of our suppliers.
	Circularity of materials	We are in close contact with other parties in the supply chain to establish and solve constraints to circularity of materials, mostly steel.

Stakeholder	Topics discussed	
Customers	Lead times of projects and capacity utilization	On average, Sif has between three and six ongoing projects in any year. The development and construction time of offshore wind farms is between 7 and 11 years. It often takes between 3 and 6 years to build and grid-connect a wind farm. A large wind farm often includes between 70 and 90 turbines, less than 50% of Sif's annual production capacity of 200 monopiles; actual manufacturing of the monopiles by Sif generally takes less than 1 year. Including preparations before and load-out after the manufacturing, the total throughput time of a contract for Sif normally exceeds 1 year. We are in constant touch with our clients from the tender phase through to the delivery phase. This implies we have close and long relationships with our clients, who often buy our products and services based on co-development.
	Timely and flawless delivery in support of unthwarted logistics operations	Timely and flawless delivery are key for our customers. To control this, they audit our works and working-methods on a frequent or sometimes ongoing basis. We engage with our clients on a person-to-person basis, and we meet clients and potential clients at trade shows or other events. In 2022 Sif held two digital customer satisfaction surveys just after closing of a tender process. The results of these surveys contribute to manufacturing improvement opportunities. A feedback template has been made for project evaluation, which we customize to the specifics of each customer or new project. General feedback indicates Sif's high reliability and quality products and services.
	Turbine capacity, unit growth and impact on LCOE and supply chain	With a view to the longer term (the period from 2025), we engaged with our clients to discuss their plans to increase turbine capacity. Increases may result in demand for bigger foundations and may require Sif to invest in adjustment or expansion of production skills and facilities. Our shared mission was to establish at what level the price per MW production would still benefit from increased capacity offset against the expenses this increase would command. To get a clear view, we engage with other parties in the supply chain that need to adjust or increase size: installation companies for their vessels and equipment, flange suppliers, steel manufacturers etc.

Stakeholder	Topics discussed	
Lenders, Banks, Insurance companies	Healthy earn back period (returns on average capital employed)	Sif finances its business through equity and bank facilities. We keep the banking syndicate informed of our risk management and guide them on future results and expectations of activities. We communicate through bank meetings, on a one-on-one basis, and quarterly reporting. This is subject to the rules of our Fair Disclosure Policy.
Governments and industry bodies, NGO's	Supply chain alignment	Governments make decisions regarding energy-sourcing and commit to sustainability targets. They issue regulations, initiate wind energy projects, and sometimes subsidize innovations or projects. We communicate through media and at networking events as well as directly with governmental representatives. The Dutch Minister for Climate and Energy, Mr. Rob Jetten, visited the Maasvlakte 2 factory in late 2022.
	Nitrogen deposition, carbon emission	Governments issue permits for operations. In 2022 we were in close dialogue on the environmental, nature and building permits for expansion of the manufacturing facilities at Maasvlakte 2, Rotterdam.
	Disturbance of sea life and bio diversity	Tuning developments with the various parties in the supply chain can improve efficiency and benefit the required energy transition. Companies involved in the design and manufacturing of foundations have joined forces in the Offshore Wind Foundations Alliance to pursue a level playing field and standardization of certification processes related to the foundations of offshore wind turbines. The Offshore Wind Foundations Alliance is an interlocutor for the European Union and EU member states and a platform for setting standards and for protection of the industry.
Ranking agencies and consultants		Industry and sustainability analysts closely track Sif, our competition and our markets. We are in a permanent dialogue with industry and sustainability analysts and participate in the sustainability surveys of CDP, ISS and MSCI. Results of these ESG surveys are included in our website under ESG.
Local residents, neighbors	Safety and incident management	Sif's plants involve traffic flows, heavy transport movements, nightwork and may cause noise pollution. Although they are in industrial areas, we may cause nuisance. We maintain contact with our neighbors and guide them on activities we undertake, especially during night and weekend hours. In 2022 we organized information sessions for neighbors of the Roermond factory in respect of the gas explosion in August 2022.
Media		Our website is an archive of developments at Sif and a medium to disclose information and news. We are also active on Linkedin (11,000 followers, 63 posts in 2022) and Facebook.

The European Green Deal: EU taxonomy and CSRD

Introduction and understanding of the assessment

In pursuit of a 55% reduction in greenhouse gas emissions in the European Union ("**EU**") by 2030 from 1990 levels and the objective of becoming climate neutral by 2050, the EU has issued laws and regulations as an element of the European Green Deal.

This includes Transparency Regulations and the EU Taxonomy that entered effect in March 2021 and January 2022 respectively. The EU taxonomy for sustainable activities, i.e. 'green taxonomy', is a classification system to clarify which economic activities are environmentally sustainable, in the context of the European Green Deal, a set of policy initiatives by the European Commission supporting the ambition of the EU to be climate-neutral by 2050. The EU taxonomy was adopted by the European Union with Regulation 2020/852, and requires entities to assess and disclose the percentage of environmentally sustainable economic activities for the proportion of revenue, capital expenditures and operational expenditures. The Taxonomy Regulation is relatively new and there are after the first year of reporting (2021) still significant uncertainties around its phased implementation. It is expected, however, that the EU Taxonomy will develop into a comprehensive and detailed framework over the coming years. Sif closely monitors EU taxonomy developments, to ensure correct assessments of, and full compliance with, the EU taxonomy reporting requirements.

The EU taxonomy comprises six environmental objectives to identify environmentally sustainable economic activities: climate change mitigation, climate change adaptation, the sustainable use and protection of water and marine resources, the transition to a circular economy, pollution prevention and control, and the protection and restoration of biodiversity and ecosystems.

Accordingly, an economic activity is defined as environmentally sustainable if it meets the technical screening criteria:

- Substantial contribution criteria: the activity contributes substantially to at least one of the six environmental objectives;
- Do no significant harm (DNSH) criteria: the activity does no significant harm to any of the other environmental objectives;
- Minimum safeguards criteria: the activity is carried out in compliance with minimum safeguards.

The EU taxonomy provides a standardized, science-based classification system, including technical screening criteria, in order to create transparency in non-financial statements. In 2022, Sif is required to disclose what proportion of its revenue, its capital expenditure, and operating expenditure is reported as eligible and aligned under the EU taxonomy on the first two objectives (climate change mitigation and climate change adaptation).

Sif has completed an assessment of its activities that are eligible for, and aligned with, the EU taxonomy. Details of the assessment and definitions of the specific KPI's as used for the EU taxonomy are explained in section 'EU taxonomy assessment details'.

Identification of eligible economic activities

All the activities within the Group's portfolio included in the Climate Delegated Act have been identified. This process considered activities under the climate change mitigation and climate change adaptation objectives. The eligible economic activities of Sif are:

- 3.1 Manufacture of renewable energy technologies (Production of monopiles, transition pieces and pin piles for the offshore wind market, NACE code C25.11)
- 9.1 Close to market research, development and innovation (Providing engineering services for projects in the markets of renewable energy, NACE code M71.12).

Analysis of substantial contribution

The eligible activities identified in the previous phase is analyzed to verify the compliance with the substantial contribution criteria for climate change mitigation or climate change adaptation.

The production of monopiles, transition pieces and pin piles for the offshore wind market and the engineering services for projects in the markets of renewable energy is for the sole purpose of enabling offshore renewable energy production, which contributes significantly to climate change mitigation and therefore this activity fully contributes to the climate change mitigation objectives.

Assessment of not causing significant harm to the other environmental objectives (Do No Significant Harm or DNSH)

An analysis of existing environmental procedures was performed to verify compliance of the eligible activities with the DNSH criteria. Sif has evaluated these DNSH criteria to establish enough detail for the procedures involved, whereby for example:

- A climate risk and vulnerability assessment are performed on the manufacturing process and logistic flows within Sif;
- An analysis is performed on the reuse, recycling and other material recovery of waste;
- Studies are performed related to a cradle-to-cradle circularity on the future decommissioning challenges of wind farms;
- For substantiation of the DNSH's biodiversity criteria, Sif relies on the environmental permits, which prescribes that an Environmental Impact Assessment is performed when required by the Dutch implementation of Directives 2014/52/EU.

Non-compliance with any of the DNSH criteria results in a 'eligible-not aligned' outcome of the assessment.

Verification of compliance with minimum safeguards

Sif has verified if the eligible economic activities are carried out in compliance with minimum safeguards. Four core topics have been identified:

- Human rights, including workers' rights;
- Bribery and corruption;
- Taxation;
- Fair competition.

For each of these topics, Sif assessed the steps of the due diligence process described in the minimum safeguard requirements:

- Embed responsible business conduct into policies and management systems;
- Identify and assess adverse impacts in operations, supply chains and business relationships;
- Cease, prevent or mitigate adverse impacts;
- Track implementation and results;
- Communicate how the topics and related measures are addressed.

Calculation of financial metrics

In concluding the outcome of the four previous steps, Sif has classified all the economic activities across its portfolio in the following three categories: eligible-aligned, eligible-not aligned, and not-eligible. The explanations related to each of these categories are presented in section 'EU taxonomy assessment details'.

In order to arrive at the EU taxonomy KPI's – the proportion of revenue, capital expenditure (capex) and operational expenditure (opex), Sif mapped its financial performance to the relevant EU taxonomy aligned economic activities. Details are reported in in section 'EU taxonomy assessment details.'

Conclusion of the assessment

The conclusion of Sif's 2022 EU taxonomy assessment is disclosed below.

	2022		
	Revenue	Capex	Opex
Total (€ '000)	374,543	29,696	11,921
Taxonomy eligible-aligned	0%	0%	0%
Taxonomy eligible-not aligned	95%	97%	94%
Taxonomy not eligible	5%	3%	6%

In 2022, in total 95% of revenue was generated by business activities which are EU Taxonomy eligible (3.1 Manufacture of renewable energy technologies and 9.1 Close to market research, development and innovation). This activity is assessed to contribute significantly to climate change mitigation and therefore this activity fully contributes to the climate change mitigation objectives.

Based on the assessment of the DNSH-criteria and the verification of compliance with minimum safeguards, Sif concludes that the activity is not aligned with the EU Taxonomy yet. Sif is currently in the process of assessing its compliance with the criteria in relation to pollution prevention and control (Appendix C of Annex I of Regulation (EU) 2020/852). The criteria include an extensive overview of substances that should not be used in the process of manufacturing to be able to comply. Sif uses various types of coating and substances for weld testing which can vary project by project, and Sif is in the process of identification of the relevant substances included.

Furthermore, Sif is in the process of preparing a human rights impact assessment in line with OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. Therefore, Sif does not report compliance with minimum safeguards in relation to the EU Taxonomy alignment assessment.

EU taxonomy assessment details

This appendix contains an elaboration on the EU taxonomy eligibility and alignment assessment, following on from the previous section.

Definitions of eligibility and alignment

The EU taxonomy requires companies to examine whether an economic activity is included in the Delegated Regulation 2020/852 by the European Commission (eligibility) and whether or not these eligible economic activities are environmentally sustainable (alignment). The following categories are identified:

Eligible-aligned: this refers to an economic activity that simultaneously meets the following three conditions:

- it is explicitly included in the EU taxonomy regulation for its substantial contribution to climate change mitigation and/or adaptation;
- it meets the substantial contribution criteria in the EU taxonomy regulation for this specific environmental objective;
- it meets all Do No Significant Harm (DNSH) criteria and minimum safeguards.

Eligible-not aligned: this refers to an economic activity that:

- is explicitly included in the EU taxonomy regulations for its substantial contribution to climate change mitigation or adaptation; but
- it does not meet the specific criteria in the EU taxonomy regulation for these specific environmental objectives; or
- it does not meet at least one of the DNSH conditions and/or the minimum safeguards.

Not eligible: this refers to an economic activity that has not (yet) been identified by the EU taxonomy as a substantial contributor to climate change mitigation or adaptation and, therefore, no criteria have been developed. The rationale of the European Commission is that such activities may not have a significant impact on climate change mitigation or adaptation, or may be integrated into the EU taxonomy regulation at a later stage.

Clarification and definitions

The consolidated financial statements of Sif have been prepared in accordance with IFRS (EU). Sif reconciled the denominators for revenue, capital expenditure, and operational expenditure with the reported data in the consolidated financial statements, or in the underlying records, to mitigate the risk of double counting.

The basis for the calculation of the EU taxonomy eligibility and alignment metrics for respectively revenue, capital expenditure and operational expenditure are based on the following definitions:

Revenue

Revenues accounted for in the Consolidated statement of profit or loss in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS). Reference is made to section 3.3 Summary of significant accounting policies for more information and note 6 of the Consolidated financial statements regarding the revenues accounted for.

Capital expenditure (capex)

Additions to tangible and intangible assets and right-of-use assets accounted for in the Consolidated financial statements under EU-IFRS during the financial year, considered before depreciation, amortisation and any re-measurements. The capex cover the costs accounted for in accordance with IAS 16 (Property, Plant and Equipment, IAS 38 (Intangible assets), IAS 40 (Investment property) and IFRS 16 (Leases). For more information, reference is made to note 14, 15 and 31 of the Consolidated financial statements. Any leases that do not result in the recognition of a right to use the asset are not accounted for as capex.

Operational expenditure (opex)

The operating expenditure covers direct, non-capitalized costs relating to research and development, renovation measures, short-term lease, maintenance and other direct spending relating to the day-to-day servicing of assets of property, plant and equipment that are necessary to ensure the continued and effective use of such assets.

Financial metric calculation process

Eligible activities assessment

Sif has five activities in financial year 2022:

1. The production of monopiles, transition pieces and pinpiles for the offshore wind market. This activity is entirely mapped to NACE code C25.11 “Manufacture of metal structures and parts of structures”. The activity is EU taxonomy eligible as activity 3.1 Manufacture of renewable energy technologies.
2. The production of piles and legs for the offshore oil and gas market. This activity is entirely mapped to NACE code C25.11 “Manufacture of metal structures and parts of structures”, but as it relates to the oil and gas market the activity is not EU taxonomy eligible.
3. Marshaling and logistics services to clients for their offshore wind installation activities. This activity is mapped to NACE code H52.22 “Service activities incidental to water transportation”, which includes “operation of terminal facilities such as harbors and piers”. As these activities are not related to Sif’s activities, those activities in this area are not EU taxonomy eligible;
4. Engineering services for renewable energy, oil and gas and leisure. Concerning engineering services for the renewable energy market, the engineering services enable the economic activities of Sif’s customers to meet the criteria for a substantial contribution to climate change mitigation. The operators of wind farms and installation vessels are applying the results of the engineering service in their contribution to renewable energy technologies. This activity is mapped to NACE code M71.12 and EU Taxonomy eligible as activity 9.1 Close to market research, development and innovation. The engineering activities related to the oil and gas and leisure market are not enabling Sif’s customers to meet the criteria for making a substantial contribution to climate change mitigation;
5. Renting out the wind turbine generator once the certification period is completed and ownership of the wind turbine generator is transferred to Sif. This activity relates to renting out the wind turbine generator (WTG). As these activities are not associated with Sif’s activities, those activities in this area are not EU taxonomy eligible.

Therefore, Sif has two EU Taxonomy eligible activities:

- 3.1 Manufacture of renewable energy technologies (Production of monopiles, transition pieces and pinpiles for the offshore wind market)
- 9.1 Close to market research, development and innovation (Providing engineering services for projects in the markets of renewable energy)

Process eligibility assessment

Based on article 8(2) of the EU Taxonomy Regulation, the portion of revenue, capital expenditure (capex) and operating expenditure (opex) that relates to assets or processes associated those economic activities is assessed.

Revenue-eligibility

The allocation of the portion of revenue to the economic activities is performed based on the underlying projects, which is also the basis for the segment reporting in the Consolidated financial statements. This is applicable for the first four activities identified above. The last activity is accounted for in a separate legal entity.

Capital expenditure - eligibility

The eligibility scan for capital expenditures in 2022 (Capex additions) was performed in line with the eligibility scan for revenue. For each of the additions was determined if there was a

specific allocation possible to an economic activity as described above. Most of the capital expenditures are specifically associated with the production activities 1 and 2. The allocation between the two activities is done based on the relative production output of the activities. The allocation of the remaining capital expenditures is done based on the nature of the Capex.

Operational expenditure – eligibility

The expense accounts identified from the Consolidated statement of profit or loss to determine operational expenditures according to the EU taxonomy definition are the following:

- Production and general manufacturing expenses
- Facilities, housing and maintenance
- General expenses

Within these financial statement accounts, an assessment is done on the level of general ledger which amounts meet the definition of Opex in the EU Taxonomy. The method of allocation of Opex to economic activities is aligned with the allocation of Capex.

The assessments above result in the following EU Taxonomy eligible overview:

	2022			2021		
	Revenue	Capex	Opex	Revenue	Capex	Opex
Taxonomy eligible activities	95%	97%	94%	98%	55%	93%
Taxonomy non-eligible activities	5%	3%	6%	2%	45%	7%
Total (€ ’000)	374,543	29,696	11,921	422,541	15,642	10,603
Reference to FS	Note 6	Note 14, 15, 31				

Alignment assessment

For the purpose of the taxonomy alignment assessment of the revenue in the eligible activities, Sif performed an assessment of the process-steps in its projects, which are generally comparable over all projects in these activities. Sif’s alignment assessment includes the analysis of all substantial contribution criteria and Do Not Significant Harm criteria for the relevant objectives.

For the assessment and disclosures in 2022, Sif has allocated all capex and opex to the economic activities based on the eligibility percentages of the revenue KPI.

Sif has not issued environmentally sustainable bonds or debt securities with the purpose of financing specific identified Taxonomy-aligned activities.

Disclosure tables

In 2022, the level of alignment of Sif’s economic activities with the EU taxonomy due to their substantial contribution to climate change mitigation and climate change adaptation objectives, in compliance with the principle of not doing significantly harm to other environmental objectives (DNSH) and the minimum safeguards, is included in the following tables:

PROPORTION OF REVENUE ASSOCIATED WITH EU TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

				Substantial contribution to		Do no significant harm to									
Economic activities	Taxonomy code	Absolute revenue 2022	Proportion of revenue 2022	Climate change mitigation	Climate change adaptation	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy aligned proportion of Revenue	Enabling activity	Transitional activity
		€ '000	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. EU Taxonomy eligible activities															
A.1 Environmental sustainable activities (eligible-aligned)		-	0%										0%		
Revenue of environmentally sustainable activities (eligible-aligned)		**-**	**0%**										**0%**		
A.2 EU taxonomy-eligible but not environmentally sustainable activities (eligible-not aligned)															
3.1 Manufacture of renewable energy technologies	C25.11	352,863	94%	100%			Y	Y	Y	N	Y	N	0%		
9.1 Close to market research, development and innovation	M71.12	2,802	1%	100%			Y	Y	Y	Y	Y	N	0%		
Revenue of EU taxonomy-eligible but not environmentally sustainable activities (eligible-not aligned)		**355,665**	**95%**										**0%**		
Total revenue of EU taxonomy eligible activities (A.1+A.2)		**355,665**	**95%**										**0%**		
B. EU taxonomy not-eligible activities															
Revenue of taxonomy not-eligible activities		18,878	5%												
Total (A+B)		**374,543**	**100%**												

PROPORTION OF CAPEX ASSOCIATED WITH EU TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

				Substantial contribution to		Do no significant harm to									
Economic activities	Tax-onomy code	Absolute Capex 2022	Proportion of Capex 2022	Climate change mitiga-tion	Climate change adapta-tion	Climate change mitiga-tion	Climate change adapta-tion	Water and marine resources	Circular economy	Pollution	Bio-diversity and eco-systems	Minimum safe-guards	Taxonomy aligned proportion of Capex	Enabling activity	Trans-itional activity
		€ '000	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. EU Taxonomy eligible activities															
A.1 Environmental sustainable activities (eligible-aligned)		-	0%										0%		
Capex of environmentally sustainable activities (eligible-aligned)		**-**	**0%**										**0%**		
A.2 EU taxonomy-eligible but not environmentally sustainable activities (eligible-not aligned)															
3.1 Manufacture of renewable energy technologies	C25.11	28,497	96%	100%			Y	Y	Y	N	Y	N	0%		
9.1 Close to market research, development and innovation	M71.12	338	1%	100%			Y	Y	Y	Y	Y	N	0%		
Capex of EU taxonomy-eligible but not environmentally sustainable activities (eligible-not aligned)		**28,835**	**97%**										**0%**		
Total Capex of EU taxonomy eligible activities (A.1+A.2)		**28,835**	**97%**										**0%**		
B. EU taxonomy not-eligible activities															
Capex of taxonomy not-eligible activities		861	3%												
Total (A+B)		**29,696**	**100%**												

PROPORTION OF OPEX ASSOCIATED WITH EU TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

Economic activities	Taxonomy code	Absolute Opex 2022	Proportion of Opex 2022	Substantial contribution to: Climate change mitigation	Substantial contribution to: Climate change adaptation	Do no significant harm to: Climate change mitigation	Do no significant harm to: Climate change adaptation	Do no significant harm to: Water and marine resources	Do no significant harm to: Circular economy	Do no significant harm to: Pollution	Do no significant harm to: Biodiversity and eco-systems	Minimum safeguards	Taxonomy aligned proportion of Opex	Enabling activity	Transitional activity
		€ '000	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. EU Taxonomy eligible activities															
A.1 Environmental sustainable activities (eligible-aligned)		-	0%										0%		
Opex of environmentally sustainable activities (eligible-aligned)		**-**	**0%**										**0%**		
A.2 EU taxonomy-eligible but not environmentally sustainable activities (eligible-not aligned)															
3.1 Manufacture of renewable energy technologies	C25.11	11,121	93%	100%			Y	Y	Y	N	Y	N	0%		
9.1 Close to market research, development and innovation	M71.12	54	0%	100%			Y	Y	Y	Y	Y	N	0%		
Opex of EU taxonomy-eligible but not environmentally sustainable activities (eligible-not aligned)		**11,175**	**94%**										**0%**		
Total Opex of EU taxonomy eligible activities (A.1+A.2)		**11,175**	**94%**										**0%**		
B. EU taxonomy not-eligible activities															
Opex of taxonomy not-eligible activities		746	6%												
Total (A+B)		**11,921**	**100%**												

Our contribution to sustainable development goals

The European Green Deal also includes the Corporate Sustainability Reporting Directive ("**CSRD**") to replace the **NFRD** and to improve reporting of non-financial information, under the **CSRD** referred to as sustainability information. Herewith the EU pursues a European market that contributes to a transition to a fully sustainable and inclusive economical and financial system. Pursuant to this **CSRD** and anticipating its entry into force in 2025 when reporting on the financial year 2024, Sif reports on environmental, social and employment matters as well as on compliance with human rights and corruption prevention.

We aim to have a positive impact on the Sustainable Development Goals ("**SDGs**") that the United Nations have identified in their Global Compact strategy. We engage with SDGs 7, 8, 9, 12 and 13 as shown in the figure on page 45 We explain how we contributed to these five SDG's of the United Nations by serving our markets and applying our resources within the constraints and principles of our Code of Conduct.

Operational, financial, social and environmental performance

Sif's contribution to a sustainable economy and to a limitation of global warming to 1.5 degree Celsius

At Sif, we engineer and manufacture mission-critical components for clean energy production. If we multiply the number of monopiles produced with the turbine capacities that were or are installed on them, Sif has thus far contributed to a capacity of almost 12,000 MW of clean, sustainable wind energy. In 2022 Sif completed 130 monopiles and (primary steel for) 126 transition pieces to serve as foundations for 1,954 MW (1,873 MW in 2021) installed offshore wind capacity. These foundations were manufactured for projects like Dogger bank and Hollandse Kust. In addition, there has been high activity in 2022 in marshaling and logistics for the Siemens project Hollandse Kust. Towards the end of 2022 the activity level decreased and space was taken from the marshaling and logistics department to store transition pieces and to prepare for the expansion project P11. Besides the contribution to the displacement of carbon-emitting energy, Sif has also examined its own carbon footprint. A delineation of the targets of the company in respect of sustainability aspects and of the progress the company has made in pursuing these targets is reflected in the table on page 45.

> 'Wind is our primary energy solution, green steel our ambition for the main raw material used for plates and flanges.'

The most important effects of the activities of the company and its value chain are the nitrogen deposition and carbon footprint of the present production of the steel, the transportation of the steel and fabricated products and of the manufacturing of the foundations. Ambitions to reduce the carbon footprint as well as nitrogen deposition are reflected in the table on page 45: carbon neutral production of steel by supplier Dillinger Hütte in 2045, carbon neutral inland transportation of steel plates and (semi-finished) products and carbon neutral manufacturing of monopile foundations by Sif in 2025.

End of lifetime solutions for the foundations are not yet relevant but will be in 5- or 10-years' time when replacement of offshore wind farms is due. The supply chain has set a target for full circular production and re-use of steel.

The installation of monopile foundations may have a (temporary) disturbing effect on the seabed, sealife and bio diversity, amongst others caused by the (noise of the) piling works at sea. This does not form part of Sif's scope but Sif participates in initiatives to investigate installation methods with less noise or a less disturbing effect.

Our commitment to the sustainable development goals

Our Commitment	Our goals	Our performance	Our impact
7 AFFORDABLE AND CLEAN ENERGY	Renewable energy from 2025 to reduce > 90% carbon	Pre-heating stations transferred to electrical	
	• All pre-heating electrical.	SPMT's on bio-diesel	
	• All heavy transport on bio-diesel		
	Explore alternatives for inland shipping		
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Circular production of monopiles from 2045 Zero waste from 2027	Plan for the circular and carbon- neutral production of steel for monopiles. By 2045, a sufficient supply of green energy and hydrogen is expected to be secured to establish complete conversion of production;	13 CLIMATE ACTION
	Confirm leadership in the global supply of monopiles;		
	Include scope 3 emissions for main suppliers in reporting from 2024	Sif participates in studies to also make floating solutions technically and economically feasible;	
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Safety incidents disrupt production and impacts witnesses to the incident.		8 WAARDIG WERK EN ECONOMISCHE GROEI
	Target LTIF of <0.75 from 2026		

Sif's limitation of carbon footprint, nitrogen deposition and use of irreplaceable natural resources

The consumption of energy is largely determined by wall-thicknesses of products, weather impact and production-flaws. We aim to reduce the consumption of non-renewable natural resources (gas, oil and water) per kton production for both manufacturing and logistics. We primarily look for replacement of fossil resources with sustainably generated electricity, bio-fuels or hydrogen. We also pursue reduction of the amount of waste per kton production. The products Sif consumes the most during the manufacturing process are shown below.

SIF ENVIRONMENTAL FOOTPRINT

USAGE PER KTON STEEL	2022	2021	2020	2019
Steel (Kton)	169	171	164	185
Welding powder (ton)	10.7	9.4	10.0	10.1
Welding wire (ton)	10.2	8.6	8.8	9.0
Natural Gas (cubic meters)	3,459	2,826	2,239	2,861
Propane (kilogrammes)	4,835	5,098	4,402	4,576
Electricity (megawatthour))	114.6	101.3	103.4	104.8
Water (cubic meters)	43.7	59.3	40.8	42.2
Scrap metal (ton)	22.5	22.9	33.0	31.5
Oxygen (cubic meters)	10.6	10.5	8.7	9.7

Table: reflects the consumption per kton manufactured

We use water mainly for corrosive protection activities like blasting and coating and for cleaning of finished products before these are delivered to the customer. Consumption per kton finished product decreased by 26% in 2022 from 59.3m3/kton in 2021 to 43.7 m3/kton.

In 2022 Sif had 4% residual waste per kton steel, the same percentage as in 2021. Of all waste materials, 97.7% was recycled compared to 96.6% in 2021.

In 2022 Sif used 70,134 gigajoule energy (68,975 gigajoule in 2021) in its production process. The increase by 1.7% relates to weather conditions during the first half of the year (it was colder in January-May 2022 compared to the same period in 2021 which requires more gas for pre-heating). It furthermore relates to the diameters and wall-thicknesses of monopiles that were larger in 2022 compared to 2021 and therefore required more pre-heating and finally it relates to the impact of coating systems that required longer heating of coating-halls.

CARBON FOOTPRINT

	2022	2021	2020	2019	2018
Production Kton	169	171	164	185	138
CO2 emission *					
Scope 1 - Direct emissions from owned or controlled sources	3,479	3,551	3,020	4,064	5,620
Scope 2 - indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling	10,231	9,628	9,429	10,776	9,806
- Compensation by Guarantees of Origin	(3,496)	(5,919)	(9,047)	(10,776)	(9,806)
Total Scope 2	6,735	3,709	382	-	-
Scope 3 - other indirect emissions	208	118	136	328	246
Total gross CO2 emission	**10,422**	**7,378**	**3,538**	**4,392**	**5,866**
Net CO2 emission	**10,422**	**7,378**	**3,538**	**4,392**	**5,866**
Gross kg per Kton	61.7	43.1	21.6	23.7	42.5

* Prior period numbers are restated, reference is made to next page for more information

The reported CO2 emissions for 2021 and 2020 have been restated in 2022. During 2021 and 2020 an incorrect carbon emission factor was applied to convert the electricity usage to carbon emissions as result of a change to a new energy contract. The impact of the restatement is an increase of the gross CO2 emissions by 9,628 tonnes in 2021 and by 7,205 tonnes in 2020.

In addition to the restatement as set out above, Sif has decided in 2022 to compensate only the reported CO2 emissions in relation to scope 2 with Certificates of Origin of wind energy (in previous year: all reported scope 1, 2 and 3 emissions), to bring their reporting criteria more in line with the Green House Gas protocol. Certificates of Origin were purchased from the electricity supplier up until 31 January 2020. Starting from February 2020 Certificates of Origin are generated by the Wind Turbine Generator on Sif's premises. The reported CO2 emissions for 2018 up to 2022 have been adjusted to reflect this change and the reporting criteria have been updated (section 'Reporting Criteria') accordingly.

After compensating of the adjusted gross CO2 emissions with guarantees of origin, the adjusted net CO2 emissions amount to 7,378 tonnes CO2 for 2021 and 3,538 for 2020. As a result, Sif incorrectly claimed that the gross CO2 emission were compensated to zero in 2021 and 2020.

The change in reporting criteria has also been applied on the 2019 and 2018 CO2 emissions, resulting in an increase of the net CO2 emissions by 402 tonnes for 2019 and 3.434 for 2018.

Below the overview of the restatements based on the former reporting criteria (Restated former) and the current (revised) reporting criteria (Restated current).

CARBON FOOTPRINT PRIOR YEAR ADJUSTMENTS, IN RELATION TO CURRENT AND FORMER REPORTING CRITERIA

	2021			2020			2019			2018		
	Restated (current)	Restated (former)	Reported previously	Restated (current)	Restated (former)	Reported previously	Restated (current)	Restated (former)	Reported previously	Restated (current)	Restated (former)	Reported previously
Gross CO2 emission	7,378	13,297	3,669	3,538	10,361	3,157	4,392	4,392	4,392	5,866	5,866	5,866
Net CO2 emission	7,378	7,378	-	3,538	3,538	-	4,392	3,990	3,990	5,866	2,432	2,432

Sif pursues reporting on the full scope 3 emissions and is talking to its main suppliers on the provision by them of the necessary information.

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

Sif's crusade for a safe and healthy workplace

Healthy and safety working conditions is a priority at Sif. Our manufacturing staff are SCC (Safety Health and Environment Checklist Contractors) or VCA** certificated. Our safety management systems are in accordance with ISO 45001 (Occupational Health and Safety Assessment Series), and safety is the first item on the agendas of all Supervisory Board and Executive Board meetings.

We have recorded LTIF for many years. This was 6.50 per million hours worked in 2022 (4.98 in 2021). Next to LTIF, we record the total recordable injury frequency ("**TRIF**") that also includes restricted work injuries and medical treatment injuries that have not resulted in lost time. TRIF provides insight into the total number of incidents and therefore offers better tools for action in the workplace. TRIF was 18.56 per million hours worked in 2022 (19.94 in 2021) and related to 42 incidents (49 in 2021), 7 at our Maasvlakte plant and 35 in Roermond (Total Injury Frequency, "**TIF**"). Of these incidents, 7 resulted in lost time, 1 in restricted work, 12 required medical treatment and 22 required first aid. Most LTI were a result of injuries related to hands and fingers (4) and were incurred during vertical transportation, hoisting and grinding. In one case, the injury to the employee's hand is permanent. All other cases were of such nature that 100% recovery and return to the working place was possible. Root cause analysis indicated that incidents were caused by (lack of) awareness of procedures in changing working situations and availability of the right operating instructions for equipment. Corrective actions have been implemented to avoid repeat effects and will be monitored using recently introduced Capptions software.

Both performance indicators LTIF and TRIF ended well above the target, and extra efforts are required to reach the 2023 targets for safe operations. These efforts emphasize cultural aspects that should result in better safety awareness, especially where we are manufacturing to the limits of our production facilities. Audits from clients and certification institutions addressed management of Sif with findings on these working conditions as did labor inspection. This resulted in corrective actions, as did incidents, observations of unsafe situations, HSE observation visits and management inspections. Corrective actions included toolbox meetings, incident-investigations and client-meetings. Ergonomics and further automation in the production halls should help to structurally reduce the number of incidents from 2023. As should the follow-up of the 7 Life Saving Rules that were implemented and the investment in expansion of the manufacturing facilities, effective 2025.

The company emergency services ('bedrijfshulpverlening') were trained in 2022 and 7 simulation trainings and 1 evacuation drill were organized.

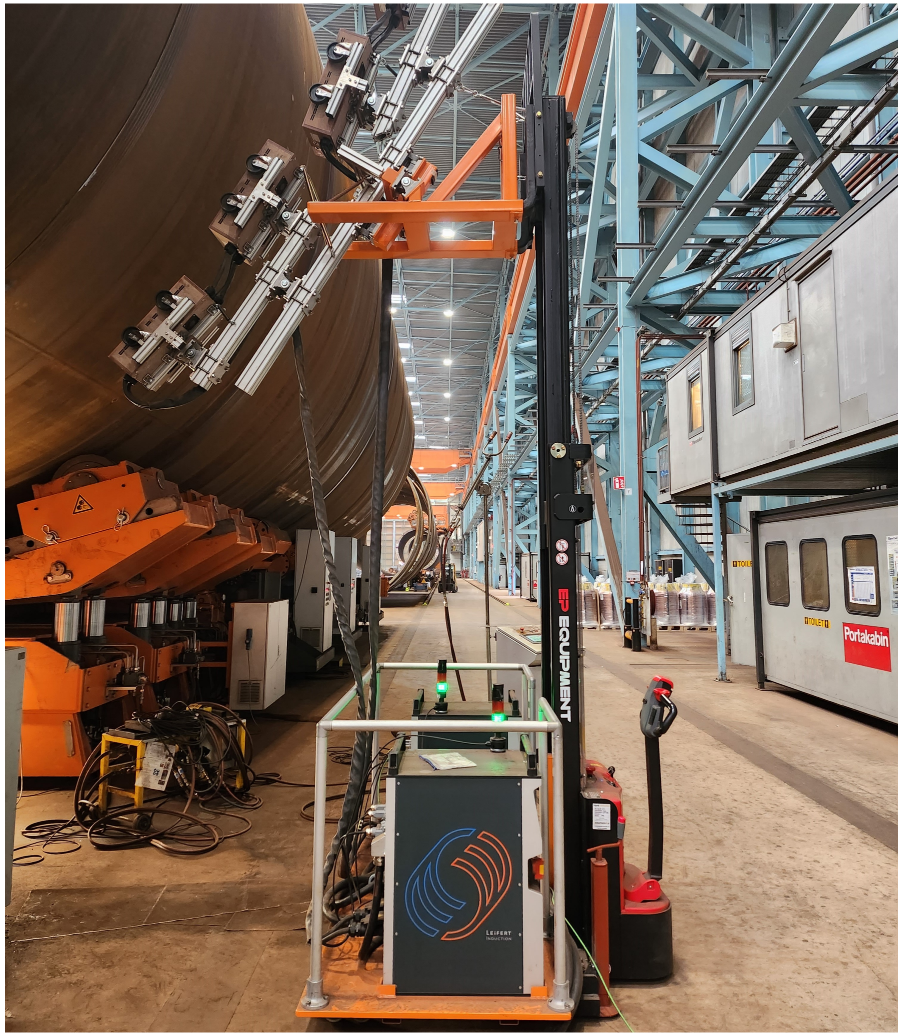
In 2022 sickness absence increased to 7.9% (5.1% in 2021). A contributor to the absence rate was people reporting ill due to COVID-19 and flu in the beginning of 2022. This resulted in an increase in short-term absenteeism. Considerable attention is being paid to improving working conditions, including alternative positions, to avoid wear and tear impact on employees that causes longer term absenteeism. Together with the Works Council, a structural improvement plan with clear actions has been developed in 2020, resulting in increased labor vitality, lowered risk of sick leave, and a better and safer working place. Of this three-phase plan, phase two of three continued in 2022.

The 'Corona Crisis Response Team' (management team, HSE manager, communications manager, Chairman of the Works Council) stayed on duty for large part of 2022. Measures recommended by the government were implemented and, together with testing facilities on the job, allowed operations at Sif to largely continue. Sif did not apply for government support in relation to COVID-19.

SAFETY STATISTICS

	2022	2021	2020	2019
LTI	7	5	3	3
TRI	20	20	15	22
LTIF (per mln hours worked)	6.5	4.98	2.48	2.75
TRIF (per mln hours worked)	18.56	19.94	9.93	19.1
Sickness leave %	7.89	5.10	5.50	6.59

In 2022 Sif updated the risk assessment that was earlier performed in 2019. In this update with all target groups, special attention was paid to psycho-social burden from discrimination, bullying and other misbehavior on the work floor and to noise nuisance and to measures to prevent longer term hearing strains. Hearing protection aids were presented as final source of prevention; hearing strains should be prevented at the noise source. In 2022 the seven life-saving rules were implemented and enforced. Since 2022 alle employees at Sif are VCA certified. It was disappointing that despite these efforts, new incidents were reported. On all incidents root cause analysis was performed. These provided management with good insights as to behavior on the work floor and job-routines. This especially applies to the gas explosion we had in August 2022, a high impact incident for employees and Sif's neighborhood that fortunately had limited immediate and visible injuries. One employee stayed in hospital for observation but could return to work although the psychological impact affects his functioning for Sif. A root cause analysis was performed and labor inspection investigated the production facilities where the explosion occurred.



Pictures: induction pre-heating to replace gas pre-heating

Meeting our objectives

	Objective	Measurement	Target 2022	Realized 2022	Target 2023	Target 2026
1	**People: safe workplace**	LTIF	<1.5	6.50	<1.5	<0.75
	Healthy workplace	Sick-leave	< 5.0%	7.9%	<5.0%	<4%
	Permanent education	Training expenses in thousands	€ 400	€ 285	€ 500	Nd
2	**Leadership: contribution to energy transition**	Participation in projects that will result in renewable energy capacity	Nd	1,954 MW	Nd	Nd
	Product leadership	Expansion plan for state-of-the-art production facilities	FID	FID 13 February 2023	start of construction 1 April 2023	New factory operational
	Expand services	Improve EPC position	Integrate KCI the Engineers	More contracts for end-users/ developers	More contracts for end-users/ developers	Number of EPC-Projects in orderbook
	Innovations	Develop integrated transition piece alternatives	Certify scaled model for Skybox	Model certified	1:1 certificate	50% of orderbook TP-less
3	**Sustainability: limit waste**	% Recycling of manufacturing-waste	95%	97.7%	95%	95%
	Natural resources	Reduction of natural & propane gas consumption	< 0.79 cubic meters per kilogram and <0.62 kilogram per kilogram respectively	0.76 cubic meters per kilogram and 0.62 kilogram per kilogram respectively; gas torches replaced by induction	<0.62 cubic meters per kilogram and <0.10 kilogram per kilogram respectively; replace remaining gas torches	Replace gas by electricity
	Carbon footprint	Reduction of gross carbon emission	no target for gross	10.4 kton gross carbon	<2.8 kton gross carbon	
4	**Strategy: emerging markets**	Diversify geographically	Project or joint venture in US or Asia	License agreement GS Entec Empire Wind USA booked	Execute US project Launch GS Entec production	

5	**Financial: Gearing covenant**	Gearing: Total debt/EBITDA (ex-IFRS 16)	<1.5	0	Nd	Nd
	Solvency covenant	Solvency; Equity/Total assets (ex IFRS 16)	>35% after dividend	42.1%	Nd	Nd
	Healthy net working capital		Neutral net working capital	-82.9	Neutral	Neutral
	ROACE (adjusted)	EBIT/average equity+loans-cash excl lease commitments, all values are adjusted for the effects that relate to the research into and preparations for the required adjustment and expansion of our production facilities.	ND	43.6%	Nd	Nd
	Attractive return for shareholders	Return for shareholders	25- 40% of net earnings	€0.19/share = 42% of earnings	Term loan P11 does not allow dividends	25-40% of net earnings

Nd=not defined

Our financial performance

Reporting is based on IFRS. To assess and monitor Sif's underlying financial performance, the Company's management team uses certain non-IFRS financial indicators, such as contribution and EBITDA (reference is made to the Glossary in this annual report for definitions). To compare previous reports and banking covenant ratios, Sif will also use certain accounting indicators corrected for IFRS16 effects. This mainly relates to the land lease at Maasvlakte 2.

ACTIVITY LEVELS AND PROFITABILITY

AMOUNTS IN EUR '000	2022				2021			
	Wind	Marshalling	Other	Total	Wind	Marshalling	Other	Total
- Revenue from contracts with customers	352,863	3,422	7,606	363,891	411,055	3,344	4,097	418,496
- Operational lease income	-	9,084	1,568	10,652	-	2,455	1,590	4,045
Total revenue	352,863	12,506	9,174	374,543	411,055	5,799	5,687	422,541
- Raw materials	(191,494)	(46)	(134)	(191,674)	(160,165)	(76)	(70)	(160,311)
- Subcontracted work and other external charges	(36,104)	(30)	(427)	(36,561)	(125,958)	(100)	(32)	(126,090)
- Logistic and other project related expenses	(14,097)	(1,368)	(332)	(15,797)	(18,180)	(3,515)	(215)	(21,910)
Segment contribution	111,168	11,062	8,281	130,511	106,752	2,108	5,370	114,230
- Direct personnel expenses	(32,329)	(13)	(5,268)	(37,610)	(28,526)	(57)	(3,630)	(32,213)
- Production and general manufacturing expenses	(17,307)	0	(174)	(17,481)	(11,228)	0	(10)	(11,238)
Gross profit	61,532	11,049	2,839	75,420	66,998	2,051	1,730	70,779
Indirect personnel expenses				(21,204)				(20,208)
Depreciation and amortization				(24,226)				(21,712)
Facilities, housing and maintenance				(4,947)				(4,127)
Selling expenses				(628)				(632)
General expenses				(12,305)				(8,096)
Finance costs and impairment losses				(2,013)				(2,336)
Other income				90				1,345
Share of profit / (loss) of joint ventures				1				82
Total profit before tax				**10,188**				**15,095**

Revenue, expenses and earnings

Currency effects do not affect Sif's financial results. Revenues and expenses are invoiced and paid in euros. The price of steel is a charge-on item. Therefore, fluctuations in steel prices immediately affect revenues but not earnings. The level of revenues is also subject to the structure of joint ventures; if Sif subcontracts part of its scope, revenues of the subcontractor are accounted for in Sif's revenues. If Sif teams up in partnership, revenues of the joint venture partner are not accounted for by Sif unless accounting rules dictate otherwise.

Because of the above constraints, total contribution and contribution per kton are better performance indicators for Sif than revenue. All Sif's activities take place in the Netherlands, and products are as a rule delivered 'free alongside ship' or 'free on board' Rotterdam. Less occasionally products are 'delivered at place'. This mainly 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 cross-border business-to-business nature of the performances, this is not applicable in most cases.

In 2022, the contribution (revenue minus the cost of raw materials, subcontracted work, other external charges and logistic and other project-related expenses) at €130.5 million was more than 14% higher than in the previous year (2021: €114.2 million). Of the total contribution, €11.1 million was generated by marshaling activities (€2.1 million in 2021). Contribution per kton of throughput, corrected for marshaling and other (excluding Oil & Gas), increased to €674 per ton (2021: €637 per ton). The increase reflects the improving pricing environment, largely related to inflation and variation orders relating to additional storage(time). The decrease in revenues from €423 million to €375 million reflects the contracting structure: in 2021 Sif had projects with a relatively high subcontracting component which explains the decrease in subcontracting from €126 million in 2021 to €37 million in 2022. Raw materials with €192 million were much higher in 2022 compared to €160 million in 2021. This reflects the price increase in steel prices. Escalation of steel prices during the contract period are a passthrough cost for Sif.

After direct personnel expenses, overhead and production & general manufacturing expenses, this resulted in gross profit of €75.4 million (20.1% of total revenues) compared to €70.8 million (16.8% of total revenues) in 2021. Production and general manufacturing expenses include maintenance of machinery, gas consumption, energy consumption, support materials, and inventory of critical spare parts. The 16.8% higher direct personnel relate to higher than forecast amount of flexible workforce we needed to complete the projects, to labor inflation (caused by amongst others incentive premiums that also applied to the flexible workforce) and to inefficiencies from tight labor market and unexperienced production personnel. Production and general manufacturing expenses increased by €6.2 million, mainly due to higher energy expenses. Sif did not apply for subsidies or other COVID-19 pandemic-related government- or lender support. EBITDA in 2022 arrived at €36.4 million compared to €39.1 million in 2021. The IFRS 16 impact on EBITDA is + €14.3 million (€5.6 million in 2021). Also in 2022, Sif incurred non-recurring expenses related directly to the adjustment and expansion project for production facilities and business acquisitions amounting to €5.4 million (€0.3 million in 2021). If the reported EBITDA of €36.4 million is adjusted for these results, it amounts to €41.8 million (€39.4 million in 2021).

RESULTS FROM OPERATIONS

X € 1,000	2022	2021
Revenues	374,543	422,541
Raw materials	(191,674)	(160,311)
Subcontracted	(36,561)	(126,090)
Logistics and other project related	(15,797)	(21,910)
Contribution	130,511	114,230
Direct personnel	(37,610)	(32,213)
Production, general manufacturing	(17,481)	(11,238)
Gross profit	75,420	70,779
Indirect personnel	(21,204)	(20,208)
Facilities, housing	(4,947)	(4,127)
SG&A	(12,933)	(8,728)
Other income	90	1,345
EBITDA	36,426	39,061
Depreciation & amortization	(24,226)	(21,712)
Operating result (EBIT)	12,200	17,349
Net financing expenses	(2,013)	(2,336)
Share in profit of joint ventures	1	82
Income tax	(2,670)	(3,208)
Profit after tax	7,518	11,887
Non-controlling interests	301	297
Profit after tax attributable to the Equity Holders of Sif Holding N.V.	7,217	11,590

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, almost 100% of which are purchased in Germany and flanges that are nearly all purchased in Spain. 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 €156.1 million were realized in the Netherlands, €198.4 million in the United Kingdom, €12.4 million in Norway, €6.7 million in other EU countries and €0.9 million in the rest of the world (€270.7 million, €143.3 million, €0.5 million, €4.7 million and €3.3 million respectively in 2021).

Work in the Netherlands is carried out by employees who are either on the Sif payroll and for whom wage tax and social premiums are withheld and paid, or by employees who work for Sif temporarily and are taxable at the agency they are seconded by. Sif profits are subject to corporate income tax. In 2022, this amounted to €2.7 million (€3.2 million in 2021). Sif allocates profit in the jurisdiction in which the economic activity occurs, namely the Netherlands, and is therefore fully liable for corporate income tax in the Netherlands. The Netherlands has no regional corporate taxes. The standard tax rate is 25,8%. Sif receives discounts on this tax rate, including discounts related to innovation activities and expenses. These "Innovatiebox-discounts" relate to €0.2 million in 2022. Sif's effective tax burden in 2022 was 26.2% compared to 21.3% in 2021. Sif does not use tax-haven constructions.

Depreciation and amortization

In 2022, Sif invested €23.4 million in tangible and intangible fixed assets (€12.8 million in 2021). This relates to investments in production facilities that are sometimes associated with specific commercial projects. More than €13 million relates to investments in (reservations of) equipment for the expansion project P11. Sif has leased approximately 62 hectares of land in Rotterdam. As of 2019, IFRS 16 obliges Sif to capitalize the right of use for land lease and amortize this over a period in line with the contract term. The positive effect of IFRS16 compared to the former leasing accountant standard (IAS 17) is approximately €14.3 million on EBITDA in 2022. The impact on net debt amounts to approximately € 107.4 million. The depreciation of the Right-of-use assets recognized as a result of IFRS 16 amounts to €10.1 million in 2022.

Financial Resources

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

Equity

Sif Holding N.V. shares (SIFG.AS) have been listed on the Euronext Amsterdam stock exchange since May 2016 with ISIN code NL011660485. Sif's authorized share capital is €25 million, divided into 125 million ordinary shares with a par value of €0.20. At the end of 2022, 25,501,356 ordinary shares had been issued with a par value of € 0.20 each. All the shares bear equal voting rights and are entitled to a dividend pay out of Sif's profit reserves (the 'one share one vote' principle). At the end of 2022, market capitalization amounted to € 296 million (€ 312 million at the end of 2021). All issued shares are fully paid up, registered, and entered into a collective deposit by transfer to Euroclear Nederland or an intermediary. Euroclear Nederland is listed in the shareholders' register held by the Company. The LEI code of 13016026 Sif Holding N.V. is 724500J0BPD5CLHCK040.

SHARE INFORMATION

	2022	2021	2020	2019	2018
Closing price at year-end in €	11.60	12.24	16.54	12.50	11.66
Highest price during the year in €	13.32	19.08	17.16	14.72	19.50
Lowest price during the year in €	9.19	11.18	7.50	8.72	11.02
Average daily trading in number of shares	23,908	24,912	44,915	40,766	30,660
Market capitalization at year-end in € 1,000,000	296	312	422	319	297
Earnings per share in €	0.28	0.45	0.29	0.22	(0.08)
Dividend per share in €	-	0.19	0.12	-	0.10
Average number of shares issued in 1,000	25,501	25,501	25,501	25,501	25,501
Total dividend in € 1,000	-	4,845	3,060	-	2,550

Ownership

The free float in Sif shares is approximately 40% of the issued shares as at 31 December 2022. The following holdings were disclosed under the Decree on the Disclosure of Major Holdings and Capital Interests in Securities-Issuing Institutions as part of the Dutch Financial Supervision Act:

REGULATORY FILING OF SHARE OWNERSHIP

(Ultimate beneficial) shareholder	% of total capital and/or voting rights	Date of disclosure	Shareholders rights
Schroders Plc	5.00%	30 September 2022	Indirectly real voting rights
Moneta Asset Management	5.00%	18 May 2020	Directly real voting rights and capital interest
The Vanguard Group	3.00%	18 November 2019	Directly real capital interest
Grachtenheer 10 BV	49.2%	17 March 2022	Directly real voting rights and capital interest
Egeria Capital Holding B.V.	6.46%	13 April 2017	Directly real voting rights and capital interest

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

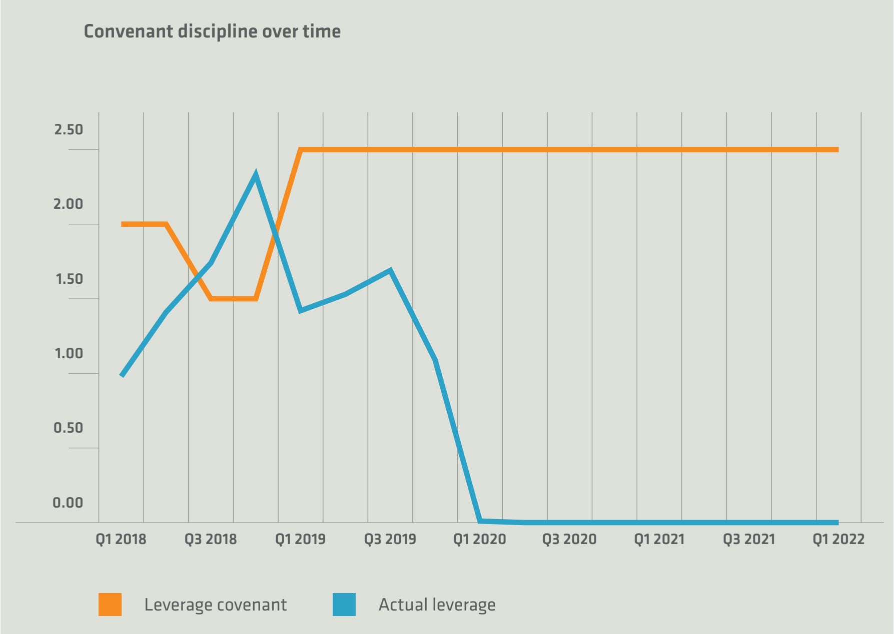
Debt

Sif had debt and guarantee facilities in 2022 with a banking consortium comprising ABN AMRO, Euler-Hermes, ING, Rabobank and Tokio Marine, with 31 March 2022 as the expiry date. Sif and the banking consortium agreed on an extension of the facilities by two years, therefore now expiring on 31 March 2024. Interest is based on Euribor plus a surcharge that depends on covenants quarterly. 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 safety and carbon footprint sustainability targets. In 2022 these sustainability targets were not met. Therefore, no discount was applied.

The facilities comprise:

	Facility
Revolving credit facility	€ 100 million
Committed guarantee facility	€ 250 million
Leverage covenant (Total debt/EBITDA)*	Max 2.5
Solvency*	Min 35%
*normalized for IFRS16 effects	

The debt facilities are subject to covenant ratios based on results and balance sheet corrected for IFRS16 effects and reflected in the above table. Leverage amounted to 0.00 (0.00 in 2021), with the covenant at 2.5. Solvency was 42.1% as at 31 December 2022 (47.7% as at 31 December 2021), with the covenant at 35%.



Net working capital, liquidity, cash and cash flows

Net working capital (inventories+contract assets+trade receivables+current prepayments−trade payables−contract liabilities) amounted to -/-€ 81.5 million at the end of 2022 compared to -/-€65.8 million at the end of 2021. Cash from operations depends on invoicing milestones agreed with customers, subcontractors and suppliers and did not affect revenue or earnings recognition. The balance of cash and cash equivalents at the end of 2022 amounted to €89.8 million compared to €73.2 million at the end of 2021. Even though Sif did not use financial instruments in 2022, 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	2022	2021	2020	2019
Net cash from operating activities	50,360	91,230	34,336	30,853
Net cash from investing activities	(20,283)	(11,493)	(4,927)	(14,485)
Net cash from financing activities	(13,446)	(9,181)	(28,343)	(15,294)
Cash and cash equivalents at year end	89,832	73,201	2,645	2

Net debt, Solvency

Net debt at the end of 2022 was -/-€89.8 million (-/-€73.2 million end of 2021) on an ex-IFRS16 basis and €17.6 million (€32.5 million end of 2021) under IFRS16 reporting. The lease of land largely determines the difference at Maasvlakte 2 Rotterdam, lease-commitments amortized on the balance sheet. At the end of 2022, total equity (paid-in capital + retained earnings + non-controlling interests) amounted to € 107.8 million on an ex-IFRS 16 balance sheet total of €256.1 million (solvency of 42.1%) compared to €103.9 million on a balance sheet total of €217.9 million (solvency of 47.7%) at the end of 2021. When determined on IFRS16 basis, total equity amounted to €105.8 million, which gives solvency of 29.6% on a balance sheet total of €357.3 million.

Financial Outlook

The drive for larger MW capacity per turbine and increase of the number of turbines has led to a Final Investment Decision in February 2023 for investments to facilitate the foundation increases that these larger capacities require, leaving the takt time unchanged at 200 monopiles per year. At the date of signature of this annual report, the orderbook with 662 kton extends even into 2026 with an estimated production output of 221 kton in 2023, 203 kton in 2024, 225 kton in 2025 and 13 kton in 2026. Market conditions remain favorable, tender activity is high and demand is expected to further increase, based on ambitions of governments around the globe. Supported by an international consultant firm, Sif has assessed that annual GW-additions to offshore wind will eight-fold during the period 2022-2030. Based on these market conditions, Sif expects to see utilization of the expanded production facilities at approximately 330 kton in 2025 and 375 kton in 2026. The implications of the investment decision on Sif's financials are highlighted in the below fact sheet P11 in this annual report.

Adjusted EBITDA for 2023 is expected to arrive at the same level as 2022's adjusted EBITDA Once the expanded facilities start producing, projected EBITDA will increase to €135 million for 2025 and to at least €160 million for 2026 and the years beyond. Depreciation and amortization of €24.2 million in 2022 will increase to an annual depreciation close to €50 million from 2025.

IFRS (EU) – Dutch GAAP bridge

The overview below indicates the impact of the application of IFRS (EU) as compared to Dutch GAAP on the most important line items:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2022		
AMOUNTS IN EUR '000	IFRS	Differences	Dutch GAAP
Total revenue	374,543	-	374,543
Contribution	130,511	8,101	138,612
Gross profit	75,420	8,207	83,627
EBITDA	36,426	14,396	50,822
EBIT	12,200	(4,286)	7,914
Profit after tax	7,518	(3,431)	4,087

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2022		
AMOUNTS IN EUR '000	IFRS	Differences	Dutch GAAP
Total assets	357,303	(107,503)	249,800
Total equity	105,764	(3,188)	102,576
Solvency	29.6%		41.1%

Corporate Governance

Group structure and organization

Sif Holding N.V. is a public company whose shares are listed on the Euronext Amsterdam stock exchange. Grachtenheer 10 B.V. (an Egeria company) ("**Grachtenheer**") holds a 49.2% interest in Sif (source: filing with Autoriteit Financiële Markten ("**AFM**") dated 17 March 2022).

Sif is subject to the Full Large Company Regime ('Volledig Structuurregime') required by Dutch law and has a two-tier board structure. The Executive Board is responsible for the management of Sif and consists of two Executive Board members, one appointed CEO and one appointed CFO. The Supervisory Board supervises and advises the Executive Board and comprises five Supervisory Board members.

The day-to-day operations are managed by the management team that, in addition to the CEO and CFO, has a CCO, a COO and an HR director. The most important rights and duties of the Annual General Meeting of Shareholders are the issue of additional shares or the granting of rights to them, the authorization to acquire fully paid-up shares, the reduction of issued share capital, the approval of material changes to the identity or the character of Sif, the approval of the remuneration policy, the appointment of Supervisory Board members, the remuneration of Supervisory Board members, distribution of a dividend, amendments to Sif's articles of association, adoption of the annual accounts, discharge of Executive and Supervisory Board members and instruction of an auditor.

Sif endorses the principles of the Dutch Corporate Governance Code 2022 ("**Code**") and applies virtually all the best practice provisions of the Code one year ahead. Non-compliance is explained in this annual report and on the Sif website under the Corporate Governance paragraph.

Board responsibilities

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

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

Under Article 10 of the Supervisory Board rules, the Supervisory Board can install Supervisory Board committees. The committees all have their own set of rules defining their conduct: the audit committee rules and remuneration committee rules, both published on Sif's website on the Corporate Governance page. These committees are tasked with laying the groundwork for the decision-making process of the Supervisory Board.

The remuneration committee rules define the duties, roles and responsibilities for the remuneration committee. They include Sif's remuneration policy, the remuneration of the individual Executive Board members (remuneration structure, amount of the fixed remuneration, shares and 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 risk management and control systems and the financial information to be disclosed by Sif. The audit committee also oversees Sif's compliance program, tax-planning policy, information and communication technology, cybersecurity and financing. The audit committee maintains regular contact with the external auditor and nominates the external auditor for appointment by the General Meeting of Shareholders.

Appointment and resignation of Executive Board and Supervisory Board members

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

Board remuneration policy

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

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

a. A fixed base salary. Reviewed annually based on the (index for the) cost of living;
b. Variable annual cash bonus for short-term results. Linked to the results of Sif (one calendar year). Maximum 60% of fixed base salary for the CEO with 73% dependent on the achievement of financial targets and 27% dependent on personal targets. Maximum 50% of base fixed wage for the CFO with 72% dependent on financial targets and 28% on personal targets. Financial targets include adjusted EBITDA ex IFRS 16, contribution and adjusted ROACE. Personal targets differ for each Executive Board member and can include safety and sick leave, carbon footprint, corporate culture, reporting and communication. The on-target bonus is 40% for the CEO and 35% for the CFO. Personal targets are based on areas of responsibility and set by the remuneration committee at the beginning of the year;
c. Pension accrual for a pensionable salary-arrangement based on the fixed base salary;
d. A long-term incentive Plan ("**LTIP**"). Based on the discretionary award of performance share units ("**PSU**"), granted annually up to a maximum pay-out of 20% of fixed base salary with a three-year vesting period, conditional upon continued employment. Settlement is, in principle, 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 period;
e. Executive Board members are engaged through a services agreement, which is set at four years.

Anti-takeover measures and relationship with major shareholder

The duties and powers of the General Meeting of Shareholders, the Supervisory Board and the Executive Board are balanced in terms of control and influence. Sif has no actual or potential anti-takeover measures or change-of-control clauses in place. Sif and (Egeria related) Grachtenheer 10 BV (**"Grachtenheer**") have entered into a relationship agreement. The main elements of this agreement relate to the composition of the Supervisory Board and the Supervisory Board committees. The relationship agreement also contains terms regarding an orderly market arrangement and information sharing. When holding more than 50% of the shares in Sif, Grachtenheer 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, Grachtenheer is entitled to nominate and propose a replacement for one Supervisory Board member. The Relationship Agreement will terminate once Grachtenheer ceases to hold at least 20% of the shares in Sif. From March 2022, Grachtenheer's representative in the Supervisory Board, Peter Visser, withdrew from all discussions, decision making and correspondence between the company and the Supervisory Board in consideration of the ongoing discussions on the investment in expansion of the company's manufacturing facilities.

Dividends

The dividend policy stipulates that Sif will pay a regular dividend in line with the medium-term to long-term financial performance of Sif to gradually increase the dividend per share if and as long as earnings attributable to the shareholders are not required for investment programs of the company. The policy states that Sif will pay out 25% to 40% of annual net earnings as reported in the approved financial statements of the company in any year. The retained earnings will be added to Sif's reserves to finance future investments or other Sif spending, improve liquidity, or other purposes. However, achieving this reserve and dividend policy is subject to certain legal limitations and Sif's liquidity position. Dividends may be distributed in cash, in stock or a combination of cash and stock as an optional dividend. For the year 2022, the proposal for dividend-distribution will be zero in consideration of the FID taken 13 February 2023 to invest €328 million in expansion of the existing manufacturing facilities. Related to the expansion project 11, it is stipulated by the lender syndicate that no dividends can be distributed for the duration of the building activities.

Authorization to acquire and issue shares

The acquisition and issue of Sif shares are exclusively reserved to the General Meeting of Shareholders. The General Meeting of Shareholders has authorized the Executive Board to acquire and issue shares and limit or exclude legal pre-emption rights. On 12 May 2022, 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 or to limit or exclude pre-emption rights in relation to issuing shares or granting rights to subscribe for shares by a period of 18 months (i.e. until 12 November 2023). The authorization is limited to a maximum of 5% of the issued share capital of Sif as at 12 May 2022 plus, in the case of and related to acquisitions, mergers, unraveling of mergers and strategic alliances, an additional 5% of the issued share capital of Sif as at 12 May 2022.

The General Meeting of Shareholders has authorized the Executive Board to acquire fully paid-up shares subject to certain legal and statutory constraints. The Executive Board has been authorized for a period of 18 months (therefore until 12 November 2023) 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 before the date the Company decides upon the repurchase. The authorization is limited to 10% of the Company's issued share capital as of 12 May 2022. On 13 February 2023 a notice for an Extraordinary General Meeting of Shareholders ("**EGM**") held on 28 March 2023 was released, proposing, amongst others, certain changes to the articles of association of the company that relate to the envisaged financing of the project through issuance of preferred and ordinary equity and delegation of authorizations of the Executive Board to issue equity.

Insider trading

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

Non-Compliance with the code

The best practice provisions of the Code with which Sif does not comply are as follows (paragraph numbers refer to the best practice provisions of the Corporate Governance Code as revised in December 2022):

- 1.3.1-1.3.3 Internal audit function. Given the size of Sif and the functioning of its corporate bodies, the Boards do not consider it appropriate at this stage to appoint an internal auditor or set up a separate audit department. Related to this, no third party is appointed for five-yearly performance assessment of the internal audit function and there is no integrated audit plan. The absence of an internal auditor is remedied by certain financial and operational (Quality Health Safety Environmental "**QHSE**") audit activities carried out by internal and external parties;
- 1.4.1 Risk management accountability. Internal risk management and control systems are not discussed with audit committee on an annual basis;
- 2.1.5 and 2.1.6 Policy on Diversity and Inclusion. Sif does not yet have an explicit policy. This is expected in 2023-2024.
- 2.2.5 Committees. The Supervisory Board has not installed a Selection & Appointment Committee. The relevant best practice conditions apply to the full Supervisory Board
- 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 on provision of information 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 webcast. Transcripts of the calls are published on Sif's website. Meetings with individual investors ('one-on-one') or presentations at investor conferences are not webcast for practical reasons, nor can they be followed through direct phone connections or otherwise.

Employee representation: Works Council

Sif's employees are represented by the Works Council, which is consulted on the Executive Board's intended business-economic, strategic or organizational decisions. The Works Council has nominated Caroline van den Bosch for appointment in the Supervisory Board. Furthermore, the Works Council, together with the Executive Board, ensures that working conditions remain good or improve where required, that the rules related to employment conditions, working hours and rest periods are complied with, that employees are treated equally and remunerated fairly and in accordance with applicable laws and collective labor agreements and that Sif stays alert to and constantly investigates ways of employing people with disabilities or residents of the Netherlands who have an immigrant background. Consultation meetings between the Works Council and the Executive Board during which the Sif's general business progress is discussed are held on average every two months formally and on a need-to-discuss basis as often as deemed necessary by one of the parties. The Executive Board notifies the Works Council of the important decisions the Executive Board is preparing and how it proposes to involve the Works Council.

The Works Council has nine members. In 2022 the Works Council held 5 consultation meetings with the Executive Board. During three of these meetings, the Executive Board presented and explained the strategy and the operations plan. 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 2021 results and the interim 2022 results in June and September 2022 respectively. The Supervisory Board member representing the Works Council, Caroline van den Bosch, attended 1 Works Council consultation meeting in 2022.

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

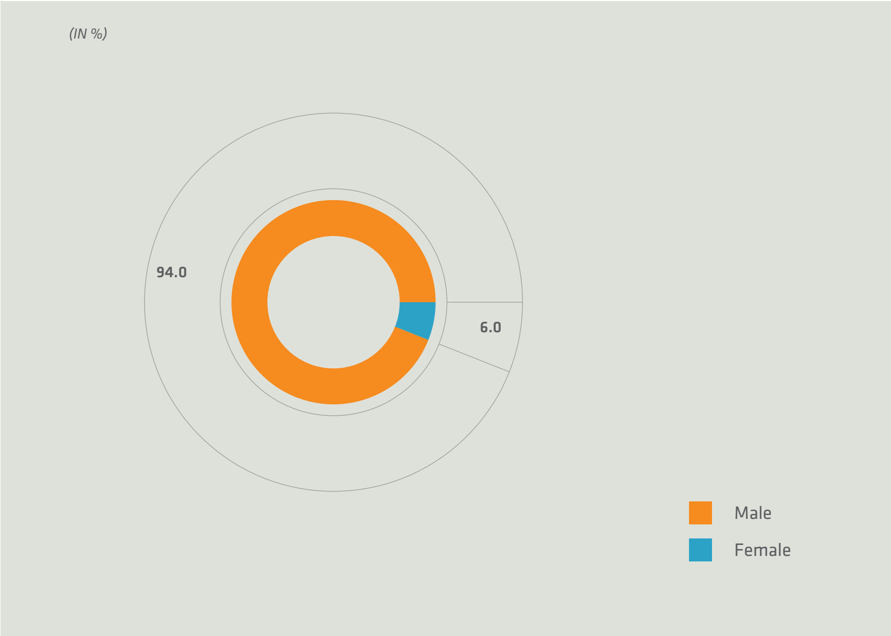
Diversity at board-level

As published on Sif's website on the Corporate Governance page, the Supervisory Board Profile defines the required expertise, experience, and competencies of the Supervisory Board members. The Supervisory Board profile matches the profiles of the individual Supervisory Board members. Sif will pursue the nomination of one female candidate for appointment as Supervisory Board member during the Annual General Meeting of Shareholders in May 2023 and another one at the next earliest occasion thereafter.

In 2023 a diversity and inclusion policy will be presented to the Supervisory Board for approval. This diversity policy includes provisions for the Executive Board and permanent staff and is based on a best-candidate-for-the-job-basis. Sif's Executive Board has two members. Both are male. Achieving a more balanced male/female representation is a challenge since new appointments may take a few years. The present members of the Executive Board are appointed until 2026 and 2025 respectively. Selection of new members of the Executive Board is always contracted to executive search consultancies. They are instructed to include a certain percentage of female candidates on the longlist. The management team of Sif has five members (Executive Board members included) and will expand to six from 1st April 2023 when the recently appointed female director Project management will join. All other members are male. Also, for vacancies in the management team, search consultants are instructed to present a certain percentage female candidate on the longlist. In the case of equal capabilities, preference is given to female candidates. Sif targets 20% female representation in management team and middle management from 2023 onwards.

Given the nature of the industry Sif operates in, combined with the availability of technically educated or experienced candidates, recruitment of female members for management positions and other (technical) staff positions appears to be challenging.

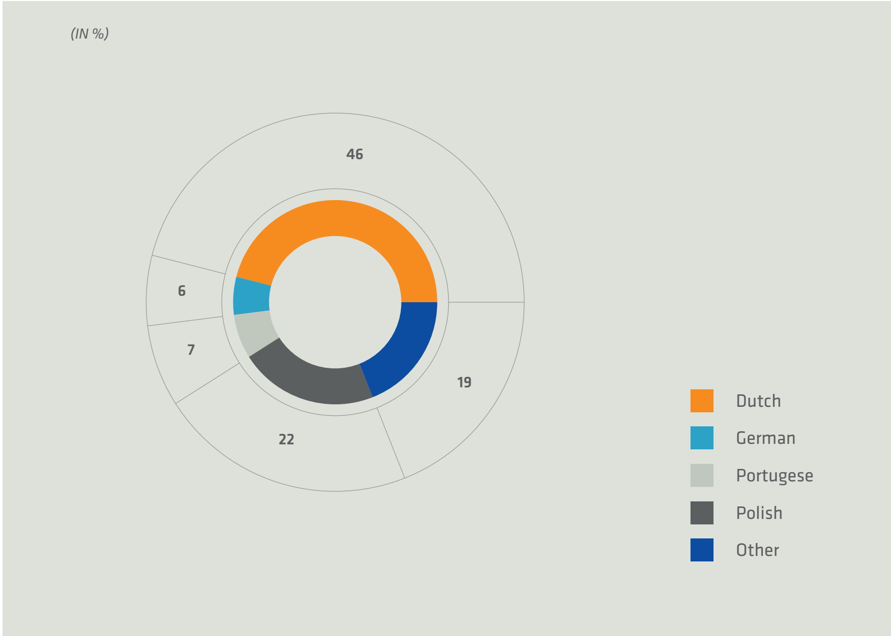
Gender distribution of staff



The above graph relates to permanent and flexible staff as per 31 December 2022.

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

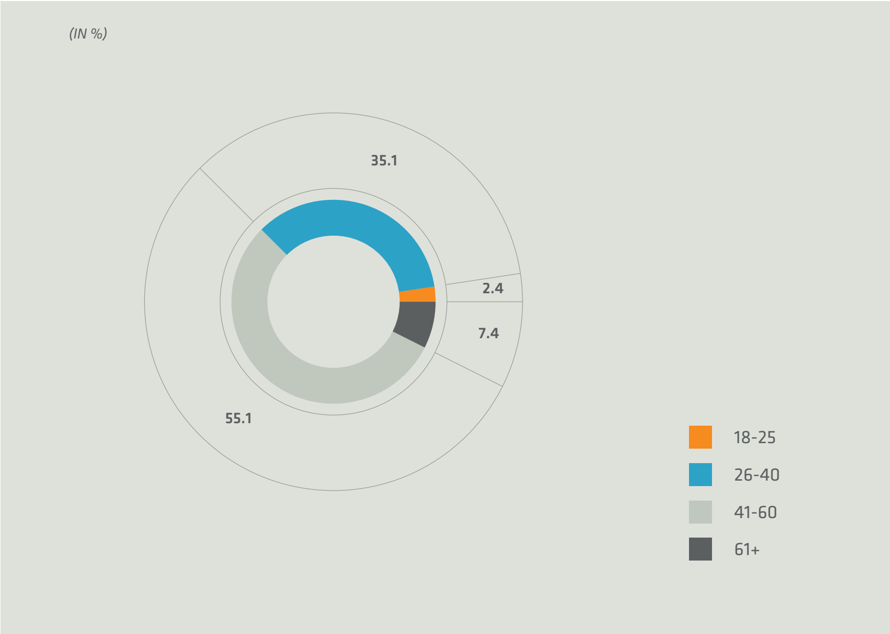
Staff distribution: nationalities



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

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

Age distribution of permanent staff



The above graphs relate to the situation as per 31 December 2023 and includes both permanent and flexible staff unless indicated different.

Composition of the Executive Board

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

Fred van Beers (born 1962, male, Dutch nationality, right on the picture of the management team, CEO. He was appointed to the Executive Board and CEO for a second term of four years following the Supervisory Board's notification of the intended re-appointment to the Annual General Meeting of Shareholders in May 2022. Fred van Beers worked as a business unit manager at aluminium manufacturing company Alcoa (1989-1994) and ship propeller manufacturing company LIPS (1995-2002) before joining Wärtsilä (technologies and complete lifecycle solutions for the marine and energy markets). He served at Wärtsilä as Managing Director Netherlands from 2007 to 2010 and as Vice President Services Area North Europe from 2010 to 2015. More recently Fred van Beers was the CEO of Blohm + Voss shipyards in Hamburg (2015-2017) and served in various other management positions on an interim basis (2017-2018). Fred van Beers holds a degree in marine engineering and owns 16,500 shares in Sif Holding NV.

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

Composition of the management team

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

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

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

Caspar Kramers (born 1968, male, Dutch nationality), second from the left on the picture of the management team, is Sif's Chief Human Resource Officer (CHRO) since April 2022. After gaining his master's degree in human resource studies from Tilburg University, Caspar gained experience in organizational development, talent management and cultural change at amongst others Sabic, Watts Water Technologies and, most recently, at Signify and DS Smith.

Risk and opportunity management

Executing its strategy and running its day-to-day operations exposes Sif to new opportunities and risks. An overview of the most important opportunities and risks is reflected in the table hereafter. The demand for climate change and for independence on fossil fuels and fossil fuel owners offers huge opportunity with emerging markets and demand for new services and derived opportunities. Facing risks while taking on these opportunities is inherent to entrepreneurship. Our day-to-day attention is given to the management of the risks that potentially have a large financial, environmental, social or reputational impact. Different types of risk potentially have different effects. The risk matrix hereafter defines the types of risk we distinguish, the extent to which these have materialized in 2022, the measures Sif took to manage the risk and the level of risk we are willing to accept.

swot analysis

	STRENGTHS	WEAKNESSES
INTERNAL	> History and track-record > Innovative core technology with specific manufacturing and process know-how and experience > Inhouse engineering services > Attractive market segment with tier one clients > Strategic location Maasvlakte 2, Rotterdam > Access to capital	> Single product/market > Workforce composition (age, location, diversity) > Dependent on governmental policies > Volatility due to size and low number of projects > Dependent on limited number of suppliers > Risk of dependence on limited number of countries
EXTERNAL	> Limited exposure to movement in prices of raw materials	
OPPORTUNITIES	**STRATEGY**	**STRATEGY**
> Global focus on climate change and pressure on reduction of climate change effects > Pressure for independency from fossil fuels and owners of fossil fuel-sources > Maturing and growing market > Emerging markets in USA and Asia > Expansion in adjacent services to clients	> Use engineering skills and core technology for development towards total solutions provider > Use the strategic location of Maasvlakte 2, Rotterdam to serve clients with new products and services > Build on business partner relationships for fully circular products and services > Investigate local USA/Asian partnerships and/or license agreements	> Strengthen leadership role through diversification and circular production > Build on reputation as a tier-one employer in the industry of the future > Product development: optimized TP-less monopile design (Skybox) and sustainable installation and decommissioning of depreciated wind farms

THREATS	STRATEGY	STRATEGY
> Country specific permitting and lease contracts for new wind farms > Local content requirements > Shortage of raw materials > Shortage of skilled labor > New entrants > Competing clean energy sources to offshore wind > Ongoing growth of turbine capacity > Failure of realizing expansion plans (on time)	> Total solutions provider based on technological and geographical position and engineering capacity > Optimize production and cost-efficiency > Focus on offshore wind pipeline of stable and experienced countries and wind farm developers > Focus on opportunities that fall well in our manufacturing envelope > Hire to-class project management and include sufficient financial headroom in budget	> Diversify geographically to decrease dependence on the single market > Investigate opportunities for local footholds by partnering with local assembly contractors or manufacturers > Build and maintain long-term co-maker relationships with key-suppliers

Our Risk appetite

Given the ever-increasing financial consequences of risks in the offshore wind business, our risk appetite is relatively limited and decreasing.

For strategic opportunities in either new geographical markets or related to the expansion of services or products in our existing markets (new ventures), we first make an in-depth analysis of the opportunities and risks via a disciplined gate model decision making process.

For new geographical markets we will only start activities in joint-venture with (a) local partner(s) who is/are familiar with local culture, requirements and regulations. For expansion of services to our existing clients, we will only offer proven technology, be it by others or on a laboratory scale.

For operations, we are willing to invest in production technology and facilities that enable a step-up in size of Sif's products and accept the risks that are inherent to these investments based on thorough analysis, simulations and technical expert verifications. We will never compromise or accept risks related to a safe and healthy work environment.

Complying with laws, regulations and our Code of Conduct is fundamental to Sif's reputation which implies a zero approach; we do not accept any risk of violation. This is also the case for the quality of our products since the purpose for which Sif's products are used commands that even the smallest product flaws are unacceptable.

We apply constraints to our investments in respect of earn back periods or ROACE. Our guidance and timely reporting to the market needs to be consistent and reliable. We do not accept any deviations therefrom.

Management control framework

Risk and opportunity management is part of day-to-day business. The Executive Board is responsible for realizing the company's strategy and objectives. The Management Team supports them with adequate risk management and compliance with internal control systems that are key to Sif's success.

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 allows for appropriate checks and balances. Supervisory Board rules, Management Board rules, an authorization matrix, contracting, insider trading, fair disclosure, bilateral dialogue and whistle-blower policies support Sif's processes. Operating procedures are designed in accordance with various standards and audited on a semi-annual basis. Sif is certified to ISO 9001, ISO 3834-2, EN1090-1/EN1090-2, VCA**, ISO 45001, ISO 14001, DNV-SE-0436 and DNVGL-CP-0352 standards

Annually, Sif is involved in a limited number of very large projects with a certain repetitive pattern. First time right is therefore important but frequent controls are critical. Internal and client audits at Sif and external audits at our suppliers are therefore key in our risk management. Also in 2022, the COVID-19 pandemic has impacted site inspections and audits. Some audits in the first months of the year were performed remotely. In addition to several internal health and safety audits, 7 audits were executed at suppliers and potential suppliers, subcontractors, and business partners in the Netherlands, Poland and Sweden. By or on behalf of our clients, audits on quality, health, safety and environmental were carried out at Sif's production sites. Internal audits are carried out on an ongoing basis.

Sif continuously reviews its quality and operational procedures since the impact of single projects on annual results may be substantial. Quality control procedures start with contract and design review, 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 met all customer-requirements before being handed over to the client.

Before tendering, sales, operations, QHSE, engineering project management, legal and finance, engage in a **process** of thorough contract review. The review includes manufacturability, availability of required resources, overall planning and project specifics. Once contracted, projects are monitored through monthly progress and financial review meetings, attended by project controllers, project management and Executive management. During these meetings also the development of the risk profile is 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, in results on the projects measured as a percentage of 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 the Supervisory Board on a monthly basis whereby the amount of steel used (in kton) and man-hours spent in relation to completed products and anticipated man-hours are key- indicators.

The key component to sound risk management is Sif's corporate **culture**. Sif's values are codified in a Code of Conduct and have been translated into standards by formulating policies and exemplary leadership that promote the drive for innovation, the acquisition and transfer of knowledge and that safeguard a rewarding, non-punitive, non-discriminatory and inclusive working environment where employees are encouraged to speak out.

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

Risk matrix

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

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

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

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

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

The outbreak of the war between Russia and Ukraine with all its effects on availability of energy and raw materials supplies and pricing was not anticipated in Sif's risk matrix. Other risks in the Sif risk matrix may have emerged or may have become more imminent during the year under review. This mainly concerned the risk related to the volatility in production because of ever-increasing product dimensions and increasing project sizes whereas new competitors entering the market try to take their share of the market. Despite increased sizes and weights of most of the products and projects on the market we were able to assure an optimized factory utilization. In 2022, the final production for the Hollandse Kust Zuid project, the Dogger Bank A project and the Hollandse Kust Noord project were the main projects in production. Sif was able to level out the impact of sizes and weights through extended project preparation and detailed production simulation but was facing a set-back in the execution from high illness rates and serious shortage in personnel.

Important mitigation tools to level out capacity utilization variance are investments of working hours in innovation, product development and in-house detail engineering. The risktable lists the main strategic, legal & regulatory, financial and operational risks, in order of impact of the occurrence on Sif's business (the higher in the table, the more severe the impact)

+ 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 an adequate response, and the status has now been completed and incorporated into our internal control environment.

	Strategic risk	Materialized 2022	Measures to mitigate strategic risk	Risk appetite	Status
1.	A variety of large, globally spread wind farm developments can distract management attention	In 2022 Sif tendered for various, globally spread projects License agreement with GS Entec in South Korea for projects in Asia	Focus on mature markets in North sea territory and select joint venture partners in emerging markets to diversify geographically	Sif will bring know-how and equipment to markets outside north west Europe only when not jeopardizing home markets and only in a joint venture structure with a local partner.	✓
2.	Alternatives to bottom-fixed offshore wind farms get cheaper or are for other reasons preferred over bottom-fixed solutions	Increase number of global projects with other than monopile foundations but percentage wise monopiles with approx. 80% remain foundations of choice	Developing new products and add-on services and pursue that monopiles remain the solution of choice for bottom fixed until 60 meters water depth by being the supplier of LCOE optimized total MP solutions. Start marshaling activities and acquire KCI the Engineers to grow engineering activities	Sif will only develop new products for existing markets or enter new markets with existing products Safeguard balance between permanent and flexible workforce and include critical positions in the permanent workforce (instead of flexible).	>
3.	Increasing competition from new and existing industry participants	Haizea and Navantia-WIndar more present in the market. SeAH in UK and Orsted-EEW in USA delayed	Promote customer loyalty and render best-in-class services. Maintain investments in innovation.	The current market is healthy enough to absorb the announced new manufacturers of monopiles	>
4.	Increasing scale of offshore wind turbines may require larger foundations than Sif can manufacture	Sif received requests for quotation for larger diameter monopiles than manufacturing facilities allow	Invest in facilities that can manufacture larger monopiles (P11 project)	Earn back period of max 4 years	>

	Legal and Regulatory	Materialized 2022	Measures to mitigate strategic risk	Risk appetite	Status
1.	Any reputational damage to Sif or to offshore wind may result in customers withdrawing orders or a decrease in demand for Sif's products	none	Communicate on benefits of monopiles as the best value for money solution but also the best solution for bio diversity and sealife	Zero doubt on monopiles as best solution	
2.	Violation of values in the Code of Conduct may cause reputational damage and exclusion from projects	none	E-learnings accessible to all employees and stimulation of a speak-up culture. Appointment of external confidants to employees of both locations. Set-up ethics and compliance revival project with external support.	Zero violations of company values	
3.	Sif operates in a highly regulated environment with far-in-advance visibility on planning with interest groups and NGO's that may feel threatened by new projects (shipping, fishing, environmental)	Ship collided with offshore wind foundation of Dutch wind farm	Sif joined the Offshore Wind Coalition to discuss issues with authorities, NGO's etc	Sif hands over foundations and responsibility to client while still ashore	
4.	The factory in Maasvlakte Rotterdam is situated near the Natura-2000 areas 'Voordelta' and 'Voornes Duin'. The factory Roermond is situated near the Nature-2000 area 'Roerdal' and operations in Rotterdam and Roermond are subject to a nature permit restricting nitrogen depositions and to environmental permit	Courts have ruled against approach of Dutch politics to tolerate nitrogen deposition without permit	Sif, as PAS-melder for nature permit in Rotterdam, will apply for a new nitrogen permit.	Zero risk on environmental and building permits. Reasonable expectation for grant of nature permit	
5.	IT-cyber-security	No serious issues 2022	Implement multi-factor authentication, awareness training on security and privacy, annual penetration tests and introduction of i-babs as a secure environment for confidential meeting documents	Back-up organization and systems in place	

	Financial risk	Materialized 2022	Measures to mitigate financial risk	Risk appetite	Status
1.	Inadequate reporting process	No issues 2022	Strengthening project management and control function and preparation for upgrade of ERP AX to 365 (cloud)	Timely and reliable monthly financial reporting (monthly reporting latest on 15th day subsequent to end of the month)	>
2.	Fluctuations in the prices of materials and of other sources of energy could materially and adversely impact the cost competitiveness of Sif's products	Steel and energy had war related pricing volatility in 2022	Pass-through costs for certain materials (steel) Limited hedging and fixing of energy prices	Limited to no exposure to pricing of raw materials like steel Indexation of energy prices in tenders and contracts. Diversified energy procurement policy introduced	V
3.	Sif is exposed to interest rate risk, which could reduce Sif's profits and materially and adversely affect its financial results. Sif could be subject to unexpected needs for liquidity and debt financing, which could be exacerbated by factors beyond its control, including adverse capital and credit market conditions	none	Pursuing a credit policy, maintaining solvency and healthy cash levels and following treasury policy guidelines as explained in Note 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	V
4.	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 2022	Measures to mitigate operational risk	Risk appetite	Status
1.	Sif is dependent on a limited number of key suppliers and partners and is subject to suppliers' and partners' credit risk and supply chain risks which may affect timely delivery and quality of raw materials and components and thus disrupt Sif's production	Outbreak of war in Ukraine	Maintain and develop a 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 (steel plates, flanges, coating)	Maintaining conditions as defined in contracting policies Steel is always a pass-through cost Positive cash flow from projects	>
2.	Deviations or delays in relation to projects may have a material adverse effect on Sif's revenue, earnings and cash-flow	No delays, no deviations 2022	Maintaining a flexible workforce to adjust the workforce to the workload. Scale up in-house design engineering for earlier involvement; engage in flexible capacity agreements	Safeguard balance between permanent and flexible workforce and allow time for maintenance and repair	>
	Inadequate alignment of existing and new factories may cause delays or disruptions	Loss of efficiency due to sub-optimization	Transferring working methods and techniques from experienced Roermond-staff to Maasvlakte2. Scaling up in-house detail engineering capabilities	Uninterrupted production flow	>
3.	Limited availability of skilled and experienced staff may cause delays or deficiencies	Tight labor market in Western Europe for technical personnel (welders and rollers) has impacted the growth of payroll-based expertise and resulted in increased re-work costs	Strengthening talent development and developing employee training and loyalty program to retain key personnel. Maintaining good relationships with staffing agencies that are able to contract the right quality craftsmen	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	>
4.	Increase in dimensions of turbines requires larger foundations that are too large for present production facilities and processes	Sif cannot meet clients demands	Invest in expansion of facilities and adjusted production procedures and equipment (P11)	Earn back max 4 years	>
5.	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	>
6.	Risk of low water levels in rivers	Different dry summers lowered water levels in rivers	Split cargoes (steel plates from Dillinger in Germany to Roermond en semi-finished products from Roermond to Rotterdam or Hoboken in Belgium)	Additional expenses for transportation	✓

Business integrity and compliance

Sif is committed to conducting its business according to applicable laws and regulations and under its Code of Conduct. The principle-based Code of Conduct formulates Sif's values. The standards that must be adhered to in order to promote these values 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, vendors and suppliers. Articles 7 and 8 of the Code of Conduct deal with competition and anti- trust matters and with bribery and money laundering. Sif promotes a fair and respectful dealing culture with customers, suppliers and other business and industry partners. Fair and respectful dealing means that Sif employees refrain from influencing business partners and obtaining personal opportunities or advantages by offering or accepting valuable items. Fair dealing also implies that insider trading regulations are observed. New employees are instructed on this when hired. In 2022, Sif incurred no legal or other expenses related to a possible violation of these principles.

Workplace safety: Workplace safety is dealt with in articles 4 and 5 of the Code of Conduct. This relates to safety to avoid business accidents and discrimination, intimidation, or (sexual) harassment on the work floor. Sif does not do business with organizations that make use of forced child labor or do not respect human rights. The Sif business environment is mainly Northwestern Europe with European clients and predominantly 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 the privacy of employees or business partners is observed and respected. The GDPR (General Data Protection Regulation) has been in effect from May 2018. Sif has appointed external confidant, performed a privacy impact assessment, appointed a data security officer, and is compliant with the GDPR.

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

Permits necessary to operate both the factories in Roermond and Rotterdam include de 'Omgevingswetvergunning' ("**environmental permit**") and the 'Natuurwetvergunning' ("**nature permit**"). Environmental permits are in place for both locations. Sif has all permits in place for Roermond. For the location Rotterdam, Sif, at the time the plant was built, did legally not need a nature permit. This governmental approach to nature permits was overruled in court in 2019 and since then a tolerance procedure applies which means that although Sif does not have a nature permit, the authorities will not enforce closing the operations or apply other measures like fines. This tolerance procedure is also known in the Netherlands as 'gedoog-beleid PAS-melder' which refers to a situation that needs to be legalized by the Dutch government in due time. Sif officially filed for this legalization program and will apply for a nature permit as well in 2023 following FID on project 11.

In 2022 clients carried out 3 audits at Sif's location Roermond and 1 at Maasvlakte 2. In 3 instances this related to manufacturing audits for offshore wind projects and once this related to a supplier audit. Certification institutions carried out 8 audits in the context of ISO 3834-2, 9001, 14001, 45001, VCA and EN1090-1 and 2 certifications. Certification in conformance with ISO 3834-2 is linked to ISO 9001 and has been subject to surveillance audits in 2022. No non-conformities were reported on these audits. Both Roermond and Maasvlakte 2 are ISO 45001, ISO 14001 and VCA** certified. ASME certification applies to the facilities in Roermond. In 2022 Sif continued internal auditing of processes and process risks; in 2022 3 audits were done on the HSE management system under ISO 45001, 14001 and VCA**.

Our whistleblower policy encourages Sif employees, who may remain anonymous if they wish to, 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 2022, and no violations of the Code of Conduct were assessed. Programs to further embed the Code of Conduct in the organization were continued in 2022. In 2022 Sif involved an integrity and compliance advisory firm to assist the company in assessing the compliance maturity of the company, to update the code of conduct and policies and to roll out an upgraded onboarding and training program for employees, suppliers and subcontractors. The compliance maturity of the company has been assessed in 2022 and in the first half of 2023 the remaining part of the consultancy project will be carried out.

The compliance maturity assessment was based on the consultant's Global Compliance Program Framework, which has been calibrated against applicable regulatory expectations and requirements as well as industry standards. The assessment was primarily focused on the design of the Ethics and Compliance Program of SIF. The findings of the assessment were plotted against a 5-point scale (1-Absent, 2-Fragmented, 3-Organised, 4-Integrated, 5-Advanced). The results of this maturity assessment will drive the prioritisation and urgency of recommendations to be implemented in the road mapping phase.

Supervisory Board report

Message of the chairman of our Supervisory Board

History repeated itself in 2022. The step up in size of the monopiles in 2016 created the need for an investment in larger manufacturing facilities at a site close to open sea. This was realized on reclaimed land in Rotterdam named Maasvlakte 2. The more than €100 million new factory set up allowed Sif to increase diameters beyond 6 meters that can support turbine sizes of 6 MW and larger. Rapidly, turbine sizes further increased and already in 2020, we started realizing that beyond 2024, turbines would require monopiles with diameters above 9 meters. This was the start of a greenfield, detailed investigation on how a follow-up investment in a larger manufacturing plant should look to not only manufacture larger monopiles but to also make use of a different and even more efficient production process. Project P11 was born.

In 2016 we underestimated the effect on the returns on the investment of additional costs we were faced with in the years after commissioning the new plant at Maasvlakte 2. This resulted in a longer earn back period than was initially expected. A thorough Industry analysis shows that in this type of fast growing industries, the earn back period should be short. For the investment P11 we now target an earn back of max 4 years. In that timeframe, monopiles will vary, in 80% of the cases, between 9 and 11.5 meters diameter in order to support up to 15-18 MW turbines. The Supervisory Board had intense discussions with the Executive Board, challenging them to substantiate assumptions on technology and earnings capacity and encouraging them to involve external specialists to confirm these assumptions. For the design of the facilities, Sif consulted a renowned engineering consultancy firm and for the business model we consulted a renowned business consultant. It took us 18 months to complete and challenge a substantiated, solid, financially sound plan for expansion of our existing factory in Rotterdam. Assisted by investment bankers, we arranged a solid financing for the €328 million expansion plan which enabled us to take a final investment decision on 13 February 2023, no sooner than we had all the identified risks managed and financing committed. It will enable Sif to build the world’s largest monopile manufacturing plant and to enforce its global leadership position in monopile foundations.

In parallel, the day-to-day business continued and an orderbook had to be executed. Despite all the consequences of global turmoil, we managed to deliver on our promises to clients, suppliers, employees and shareholders.

The P11 plan development put high pressure on the management and the organization of Sif for a long period. It also kept stakeholders in uncertainty, sometimes to their frustration since they were highly convinced of the necessity of the step-up project. And though it still needs to be realized, this is a moment to thank employees, suppliers, clients and financing parties for their support and commitment and management for their perseverance.

Composition of the Supervisory Board

The Supervisory Board is composed in such way that knowledge, experience and insights concerning the current issues at Sif and the markets and activities relevant to Sif are well represented. Effective the closing of the AGM in 2023, André Goedée and Caroline van den Bosch will resign in accordance with the rotation schedule. The Supervisory Board proposes to nominate Angelique Heckman as one of their successors if no recommendation is received from the Annual General Meeting of Shareholders. Angelique Heckman will be nominated on the basis of an enhanced recommendation by the works council. A brief resumé of Angelique Heckman is included in the notice and agenda for the AGM on 12 May 2023.

The composition of the Supervisory Board is as follows:
André Goedée (born 1951, male, Dutch nationality, to the right of the photo). 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 four years but served on the preceding Supervisory Board from December 2015. He was reappointed at the close of the 2019 Annual General Meeting of Shareholders for a four-year term until 2023. André Goedée will resign at the AGM in 2023 and is not eligible for reappointment. He is currently also board member of FSC (Flight Simulation Company for pilot and crew training).

Between 2003 and 2013, André Goedée was the CEO of Dockwise Ltd. Following the acquisition of Dockwise by dredging and energy services company Boskalis, André Goedée was first appointed a member of the Executive Board of Boskalis and later on an advisor to the Board. Before joining Dockwise André Goedée was CEO of European Staffing for Vedior Professional Human Resource Services (1999–2003), Executive vice-president of EPCI offshore energy services contractor Heerema Offshore Services (1989–1999) and Executive vice-president of Neddrill Drilling Contractors (1977–1989). In 1978, André Goedée obtained a Mariner Master's degree (maritime technical engineering) from the Mercantile Marine College in Scheveningen/Rotterdam. He has also participated in several 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 in the photo). Vice-chairman. Relevant expertise and experience: stock exchange-listed environment, financial and management accounting, risk and risk-management, legal, tax and compliance, auditing, IT and operations. He was first appointed to the Supervisory Board in May 2018 for four years and re-appointed for the same term in 2022. Peter Wit is currently CFO at Iqip holding B.V. (offshore equipment) and before that (2018-2021) was COO of staffing company Atlas Professionals B.V. (staffing for energy industry), and member of the Supervisory Board at Doedijns Group International. Previously, Peter Wit was CFO and managing director at recycling company Inashco B.V. (2014-2017), CFO at offshore energy services provider Dockwise Ltd (2009-2013), Supervisory Board member at staffing company Atlas Professionals (2013-2018) and held several positions (finance manager Albania, M&A advisor in the UK and COO/CFO for Shell's asset management company) at Royal Dutch Shell Group between 1992 and 2009. Peter Wit holds a Master's degree in Business Administration from the University of Groningen and obtained a post-doctorate controlling degree (RC) from the VU University Amsterdam. Peter Wit holds no shares in Sif Holding N.V.

Caroline van den Bosch (born 1964, female, Dutch nationality, center of the photo). Relevant expertise and experience: procurement, human resources, information technology, sales & marketing. She was first appointed to the Supervisory Board in February 2016 for four years. Caroline van den Bosch was reappointed at closing the 2019 Annual General Meeting of Shareholders for a four-year term until 2023. Caroline van den Bosch will resign at the AGM in 2023 and is not eligible for reappointment. Caroline van den Bosch is a booster for NL2025 and mentor for NLGroeit. Until December 2022 she owned 50% in Emeritor (Procurement services) Caroline van den Bosch holds a marketing degree from the school of Business Administration and Economics (HEAO) in Utrecht and a NIMA-C marketing degree (MBA level). Caroline van den Bosch holds no shares in Sif Holding N.V.

Peter Gerretse (born 1955, male, Dutch nationality, second from the left in the photo). Relevant expertise and experience: international business, project management, production, industrialization and automation, international B2B marketing. He was first appointed to the Supervisory Board in February 2016 for four years. Peter Gerretse was reappointed at the 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, to the left of the photo). Relevant expertise and experience: general management, finance, auditing, risk management, M&A. He was first appointed to the Supervisory Board on an interim basis as of 1 November 2017 for the period until the closing of the 2018 Annual General Meeting of Shareholders. Upon nomination of Sif's largest shareholder Egeria, Peter Visser was appointed to the Supervisory Board on 3 May 2018 and re-appointed on 12 May 2022 for four years. 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. responsible for private equity activities in Europe. From 1983 until 1992, Peter Visser worked for McKinsey & Company and founded his own consulting firm, Management & Investment B.V. Peter Visser holds an economics degree from the University of Groningen. For reasons of a possible conflicting situation, Peter Visser did not participate in meetings in 2022 of the Supervisory Board, nor did he have access to agenda's, attachments and minutes of meetings of the Supervisory Board that dealt with the P11 expansion project.

Each Supervisory board member possesses the specific expertise necessary to fulfill 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 Supervisory Board's profile and published on Sif's website on the Corporate Governance page.

SUPERVISORY BOARD PROFILE MATRIX AFTER RESIGNATION OF ANDRÉ GOEDÉE AND CAROLINE VAN DEN BOSCH

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

Dutch law – Section 142b of Book 2 of the Dutch Civil Code –- stipulates an obligation for listed companies to appoint at least one-third women and at least one-third men on Supervisory Boards. The Supervisory Board of Sif currently consists of five members, one of whom is female (20%). Following appointment of the proposed candidate and resignation of André Goedée and Caroline van den Bosch at closing of the Annual General Meeting of Shareholders on 12 May 2023, Sif's Supervisory Board will consist of 4 members, one of whom is female.

ROTATION SCHEDULE SUPERVISORY BOARD

	2023	2024	2025	2026
André Goedée	>			
Caroline van den Bosch	>			
Peter Gerretse		√		
Peter Visser				√
Peter Wit				√

> Resigning, not available for re-appointment

√ Resigning, eligible for re-appointment

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. Other than those described below, there were no circumstances that may lead to a (potential) conflict of interest with Supervisory Board members as set out in articles 2.7.3-2.7.4 of the Code in 2022.

Until December 2022 Caroline van den Bosch held 50% of the shares in Emeritor (procurement services and software). Emeritor was consulted by Sif on procurement related advice at market conditions in 2022.

As a Supervisory Board member and as a board member of 49.2% shareholder Grachtenheer 10 BV (part of Egeria Industrials AG), Peter Visser was potentially in a conflicting position. Whether this situation can lead to a conflict-of-interest is evaluated at every Supervisory Board meeting and before each agenda item. Peter Visser did not participate in Supervisory Board meetings or audit committee meetings as of 17 March 2022 nor in remuneration committee meetings all the way through to Final Investment Decision.

The Works Council recommends Angelique Heckman for appointment to the Supervisory Board and the Supervisory Board's primary contact for the Sif Works Council.

All transactions conducted between Sif Holding N.V. and any of the Supervisory Board members are agreed on market terms. Decisions to enter transactions of material significance to Sif and any of its Supervisory Board members require the approval of the Supervisory Board. Such transactions are published in the annual report. There were no such transactions in 2022.

The Supervisory Board's organization and activities

As a standard, the Supervisory Board convenes six times per calendar year. Four of these meetings are organized around the scheduled results and quarterly trading updates. The other two meetings are organized to discuss Sif's strategy and approve the budget. Monthly results are distributed to the Supervisory Board around each 15th day of the succeeding month and discussed during full Board-calls the week after distribution. During two meetings, the Supervisory Board has discussions with the auditor out of presence of the Executive Board and discusses the functioning of Executive and Supervisory Board, also out of presence of the Executive Board. The audit committee and the remuneration committee prepare certain agenda items for Supervisory Board meetings. The members of the two Supervisory Board committees are as tabled below. The Supervisory Board did not install a Selection & Nomination Committee since nominations and appointments are considered full-board subjects for preparation and decision making.

COMPOSITION OF SUPERVISORY BOARD COMMITTEES

	audit committee	remuneration committee	P11 committee (from 16.03.2023)
André Goedée			
Caroline van den Bosch		Member	
Peter Gerretse	Member (from 16.03.2023)	Chairman	Chairman
Peter Visser	Member	Member	Member
Peter Wit	Chairman		

Remuneration committee

The remuneration committee convened twice in 2022 in the presence of the CEO. All the members of the remuneration committee attended the meeting except for Peter Visser. The remuneration report for 2022 and the confirmation of the performance indicators for variable remuneration were on the agenda for the meeting in February 2022. Furthermore, were the targets 2022 for the management team members discussed for advice to the Supervisory Board. The remuneration committee also discussed the Long-Term Incentive plan ("**LTIP**") and the idea to structurally expand the group of participants under the LTIP to all the management team members and incidentally to selected staff members that made special contributions to the P11 expansion plan. In its August meeting, the remuneration committee discussed the merits of the LTI plan and the adjustments to salaries in relation to the inflation and increases in energy prices. All proposals were adopted by the Supervisory Board.

Audit committee

The audit committee convened on five occasions in 2022. They amongst others 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 provide proper documentation of these contacts. 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.

P11 committee

The P11 committee was recently installed to monitor and advise on the execution of the €328 million expansion project of Sif. The committee will convene monthly and exist as long as the construction activities last until the plant is operating according to plan.

Supervisory Board

The plans to expand the production facilities are of strategic importance for the company and are assessed to have a huge financial and organizational impact. It was for that reason that 25 so-called RVC P11 meetings were scheduled in 2022, in addition to the regular 6 meetings and in addition to the regular monthly results-calls. For 24 of these RVC P11 meetings Supervisory Board member Peter Visser did not receive an invitation, a notice of meeting, an agenda or attachments to the agenda because of a possible conflicting position as a cornerstone shareholder. During these 25 RVC P11 meetings, the Executive Board informed the Supervisory Board on progress of the project and consultation and sound boarding of the Supervisory Board took place. The Supervisory Board challenged the Executive Board on the perceived risks, the proposed management thereof and on fulfilment of conditions precedent. These risks contained amongst others commitments of suppliers ahead of a final investment decision and the financial impact thereof, commitments to launching projects, compliance to governmental permitting and the mix of financing instruments. A main risk that was discussed on a regular basis was the impact of the project and possible distraction thereof on the regular business, especially given the lead time of the project.

The altogether 31 Supervisory Board meetings and monthly calls with Executive Board to discuss financial developments were partially attended in person and partially through MS Teams. Nearly all meetings were attended by all the invited Supervisory Board members. One Supervisory Board meeting was convened to discuss the budget for 2022 and one meeting to prepare for the AGM in 2022. The remaining four standard Supervisory Board meetings had financial reporting on the agenda and several other items such as commercial and operational progress, risks, the license agreement with GS Entec for the Asian market, IT security and implementation, staffing and business development.

Ernst & Young Accountants LLP was appointed external auditor for the reporting year 2022 by the Annual General Meeting of Shareholders. Ernst & Young Accountants LLP audited the 2022 financial statements and explained their findings during a Supervisory board meeting. Other topics discussed during the same meeting included the Executive Board and the Supervisory Board reports regarding 2022.

In May 2022, it was decided to nominate the two resigning Supervisory Board members, Peter Visser and Peter Wit, for a successive term of four years. Except for the above items on the agenda, all other items on agendas for Supervisory Board meetings were attended by the Executive Board, a listener representing Egeria and a secretary. On two occasions, the auditor attended part of the Supervisory Board meeting. The listener is an Egeria-representative and for the same reasons as Peter Visser did not attend the Supervisory Board meetings, he did neither.

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

None of the Supervisory Board members holds more than two supervisory positions, as provided for in the Dutch Management and Supervision of Legal Entities Act. Based on the list of suppliers and clients and 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 other kind of conflict of interest between Sif and Supervisory Board members.

Financial accountability and dividends

The report of the Executive Board and the 2022 financial statements were submitted to the Supervisory Board in accordance with the provisions of Article 30 of Sif's articles of association. The financial statements were submitted for auditing to Ernst & Young Accountants LLP ('EY'), which subsequently issued an unqualified auditor's report on the financial statements based on its audit.

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 16 March 2023. The Supervisory Board will submit the financial statements for the 2022 financial year to the Annual General Meeting of Shareholders on 12 May 2023 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 the Supervisory Board of its supervision of the management.

The Supervisory Board also proposes that the Executive Board be discharged from liability for the policy pursued and that the Supervisory Board should be discharged from liability for the supervision conducted. Profit attributable to the shareholder for 2022 amounted to €7.2 million. The Supervisory Board has approved the proposal by the Executive Board to retain 100% of the profit attributable to shareholders and add this amount to the general reserve of the Company.

Acknowledgments

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

With a well-filled orderbook for the midterm, a bright outlook for future offshore wind plans and a final investment decision for the expansion of production facilities, Sif can confidently face the longer-term challenges. A solid analysis was made of the required technology, skills and factory lay-out to manufacture the monopile of the future and best serve our clients. While writing this annual report, we have just taken Final Investment Decision for our plans to expand our capacity to 500 kton and produce at least 200 monopiles per year.

With 169 kton of production, 2022 was satisfactory from a utilization perspective, especially considering the hurdles from COVID-19 and the war in Ukraine that created uncertainty about supplies and pricing, also for our clients and mainly for our suppliers. Adjusted EBITDA for the full year with €41.8 million ended in line with our guidance.

It is gratifying to note the high level of loyalty and involvement that Sif employees maintained in 2022 and that were 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 resilience over the past year. We also want to thank all our stakeholders, including shareholders, for their confidence in the company.

Roermond, the Netherlands, 29 March 2023

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

Remuneration report

As referred to in section 2:135b of the Dutch Civil Code and chapter 3.1 of the Dutch Corporate Governance Code, this remuneration report is based on Sif's remuneration policy. A draft of this policy was presented to the shareholders, together with the Works Council's advice, for their approval at the Annual General Meeting of Shareholders in 2020. The remuneration policy was approved by the AGM and published on the Corporate Governance page of the website of Sif. An outline of the Remuneration policy is included in the Governance-paragraph of this annual report.

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

The following overview summarizes the salaries and performance-related bonuses and other remuneration elements of the Executive Board for the past two years. The 2022 remuneration is based on the policy approved by the Annual General Meeting of Shareholders in 2020. The adoption of non-financial KPI's in addition to financial KPI's that now also include ROACE, better aligns to Sif's business and the strategy it is following. Together with the STI-LTI-balance on which the Works Council advised when presenting the remuneration policy to the Annual General Meeting of Shareholders for approval, these support the ambition to create sustainable long-term value. Scenarios have been analyzed and taken into consideration when designing the remuneration policy.

In connection with the decision to invest in expansion of the manufacturing facilities, members of the Executive Board have committed to participating in the announced rights issue and to invest more than 60% of their annual base salary in Sif-shares with a lock-up period of 4 years. This investment is closely linked to an additional, one-time, grant under the LTIP-arrangement with value of one year base salary. The expansion plan took more than 3 years to reach final investment decision and will take more than 18 months to materialize in expanded production facilities. Against that background, a similar incentive and retention instrument is considered for a small group of key employees being instrumental for the successful execution of the expansion plan

EXECUTIVE BOARD REMUNERATION

	Fred van Beers		Ben Meijer	
Type of recompense In €, excluding VAT	**2022**	**2021**	**2022**	**2021**
Base salary	398,879	382,398	235,980	138,730
Employer´s pension contributions	24,458	22,706	20,604	12,428
Pension compensation	33,742	34,230	16,649	9,768
Annual bonus (accrual)	149,619	224,330	69,917	59,273
LTIP (accrual)	118,114	139,714	27,839	7,234
Termination fee	-	-	-	-
Other benefits (car lease, travel expenses and relocation expenses)	50,463	45,082	40,471	23,718
Social security and other payments	9,881	10,004	9,881	5,800
Total remuneration	**785,156**	**858,464**	**421,341**	**256,951**
% variabel of total remuneration	**34.1**	**42.4**	**23.2**	**25.9**
Paid annual bonus in the year, earned over the previous year	201,906	192,117	59,273	-
Paid vested LTIP	85,026	-	-	-
Total actual paid variable remuneration	**286,932**	**192,117**	**59,273**	**-**

The remuneration package includes the following elements:

Base salary

The fixed base salary for Executive Board members increased with the cost-of-living index in 2022. This implies a 5% increase for CEO and CFO as of 1 January 2023.

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 2022 short-term incentive for the Executive Board members is based are derived from the audited financial statements. The bonus for 2022 will be paid in cash in 2023 as soon as the Supervisory Board approves the audited annual accounts for presentation to the Annual General Meeting of Shareholders. The annual bonus is based on at least 60% financial performance indicators as outlined in the remuneration policy.

	max score	2022 target	2022 actual	score
For CEO				
Adjusted EBITDA (ex IFRS 16)	14.7%	34,100	27,487	0.0%
Contribution margin	14.7%	117,700	130,511	12.8%
ROACE (adjusted) %	14.7%	34.1	43.6	14.7%
ESG/Safety LTIF	4.0%	<1.5	6.50	0.0%
Concretisation ESG policy	4.0%			2.0%
Progress production expansion	8.0%			8.0%
Total				
For CFO				
Adjusted EBITDA (ex IFRS 16)	12.0%	34,100	27,487	0.0%
Contribution margin	12.0%	117,700	130,511	10.6%
ROACE (adjusted) %	12.0%	34.1	43.6	12.0%
Business controls	4.0%			2.0%
Financials business case for expansion plan	5.0%			5.0%
Upgrade AX to M365	5.0%			0.0%
Total				

On target, the short-term incentive is 40% of the fixed base salary for the CEO and 35% for the CFO. The maximum short-term incentive is 60% or 50% of the fixed base salary for the CEO and CFO, respectively. For 2022 the pay-out percentages (actual paid annual bonus as a percentage of the fixed base salary in the year of pay-out) for Executive Board members are 37.5% for the CEO and 29.6% for the CFO. The Supervisory Board acknowledges that during the year there were different demands than anticipated when the individual and team objectives were determined for 2022. The Supervisory Board assessed that the Ukraine crises was well managed by the Executive Board, as was progressing P11 to the final investment decision of February 2023. The Supervisory Board acknowledged the volatile and challenging year and assessed the individual and team performance in the context of the year. For that reason, the FID target for expansion of production facilities was scored. Targets for EBITDA, safety and upgrade of information system AX to M365 were not met and therefore did not score for the bonus-award. The CEO scored 2 of 4% for the ESG target since use of gas in the production process decreased in line with the ambitions of the company. The CFO scored 2 of 4% for improvement of business controls that have improved with the assistance of an interim controller for operations since the second quarter of 2022. In 2021, the pay-out percentage for the annual bonus was 50.2% of the fixed base salary for the CEO and 48.2% of the fixed base salary for the CFO. For 2023, the KPI's for the annual bonus are adjusted EBITDA ex IFRS16, contribution and adjusted ROACE for the 60% that is based on financial targets (EBITDA and ROACE adjusted for expenses that relate to the research into and preparations for the required adjustment and expansion of our production facilities). Non-financial targets relate to safety performance, carbon footprint and certain organisational achievements.

Pension

Executive Board members are offered a pension arrangement for a pensionable salary based on the fixed annual compensation, including holiday allowance. Sif may contribute 100% to the pension premiums or reimburse the Executive Board member with an equal amount if he/she decides to refrain from participation in Sif's pension arrangement. The pension contribution covers the maximum pension amount; the pension compensation covers the excess arrangements with or without director contribution.

LTIP

The LTIP is based on the share price performance of Sif's shares. Performance Share Units ("**PSU**") are awarded. No actual shares are involved in the LTIP and all LTIP are settled in cash. Under the long-term incentive plan, 6,963 PSUs with a value of €78,463 were conditionally awarded to the CEO (4,623 in 2021 with a value of €76,464). 4,188 PSUs with a value of €47,196 were conditionally awarded to the CFO (2,780 in 2021 with a value of €45,981). The 2019-awards under this LTIP vested in 2022. The pay-out on vested LTIP-arrangements to the CEO was €85,026.

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 the case of premature 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 7.3 (8.2 in 2021). The difference compared to 2021 is caused by the succession of Leon Verweij by Ben Meijer and the severance payment to Leon Verweij. The pay ratio at Sif is calculated as the average gross expenses of all Sif employees (Executive Board members excluded) per FTE plus the average gross expenses of Executive Board members per FTE, divided by the average gross expenses of all Sif employees (Executive Board members excluded) per FTE. 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 expenditures of €30,444 thousand for 363 FTEs (€29,344 thousand for 356 FTEs in 2021) when excluding Executive Board members or €83,869 (€82,428 in 2021) per Sif employee based on the average number of employees for the year under review. The comparable expenses for Executive Board members include fixed base salary, employer's pension contributions, pension compensation, annual bonus and social security and other payments as reported in Note 33 to the financial statements. This results in total gross expenses of €1,060,544 for two FTE (€1,182,496 for two FTE in 2021) or €530,272 (€591,248 in 2021) per Executive Board member. The pay ratio is thus within the bandwidth of 6.8–8.9 that the Works Council advised observing when commenting on the proposed remuneration policy in 2021. The revised Corporate Governance Code defines the pay-ratio as the total annual remuneration of the CEO (all remuneration components such as fixed remuneration, variable remuneration in cash (bonus), the share-based part of the remuneration, social security contributions, pension, expense allowance, etc), as included in the (consolidated) financial statements, divided by the average annual remuneration of the employees (determined by dividing the total wage costs in the financial year (as included in the (consolidated) financial statements) by the average number of FTEs during the financial year). The value of the share-based remuneration is determined at the time of assignment, in line with the applicable rules under the applied reporting requirements. Applying this definition to Sif's 2022 numbers would bring the pay-ratio to 10.3 compared to 11.3 in 2021 (for CEO compared to all employees).

The 2021 Remuneration report was discussed in the Annual General Meeting of shareholders in May 2022 and presented for an advisory vote. Of the shares voted for (73.55% of shares issued), 99.12% voted in favor. Shareholders appreciate that the maximum bonus is now reflected per performance criterion, as well as the score per individual criterion. This is an improvement compared to the previous remuneration report. Shareholders would also like to be able to judge on the predetermined targets compared to the realisation. The chairman explained that Sif, being a listed company, would then give a lot of competitive information to the market and therefore will not release targets upfront. Considering the voting result, the shareholders expressed their appreciation for the remuneration report.

Remuneration and company performance

	2022	2021	2020	2019
Executive Remuneration (in €)				
Fred van Beers	785,156	858,464	593,691	629,091
Ben Meijer[1]	421,341	256,951		
Leon Verweij[2]		409,312	537,338	456,883
Average full-time remuneration of employees	83,869	82,428	80,358	81,838
Pay ratio	**7.3**	**8.2**	**7.6**	**8.2**
Pay ratio 2022 Corporate Governance Code*	**10.3**	**11.3**		
Company performance indicators				
Contribution/ton**	674	637	609	542
EBITDA	36,426	39,061	31,756	26,371
Net debt (ex-IFRS 16) year-end	(89,832)	(73,201)	(2,645)	21,293

1. Chief Financial Officer as of 12 May 2021.
2. Chief Financial Officer until 12 May 2021
*Corporate governance code 2022 defines pay ratio on basis of CEO remuneration only. In previous years Sif based pay ratio on remuneration of executive board
** ex marshalling, engineering and other revenues

Supervisory Board remuneration

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

SUPERVISORY BOARD REMUNERATION

	Remuneration			
in €[1]	2022	2021	2020	2019
André Goedée	70,000	70,000	70,000	70,000
Peter Gerretse	45,000	45,000	45,000	45,000
Caroline van den Bosch	45,000	45,000	45,000	45,000
Peter Wit	45,000	45,000	45,000	45,000
Peter Visser	45,000	45,000	45,000	45,000
Total remuneration	**250,000**	**250,000**	**250,000**	**250,000**

1 excluding VAT and expenses

FINANCIAL CALENDAR 2023

17	March	Capital Markets Day
24	March	Deadline for registration or voting for EGM
28	March	EGM
30	March	Annual report 2022
30	March	Notice of AGM and agenda
14	April	AGM record date
10	May	Deadline for registration or voting for AGM
12	May	Release of Q1 2023 trading update
12	May	Annual General Meeting of Shareholders
25	August	Publication of 2023 interim results
3	November	Publication of Q3 2023 trading update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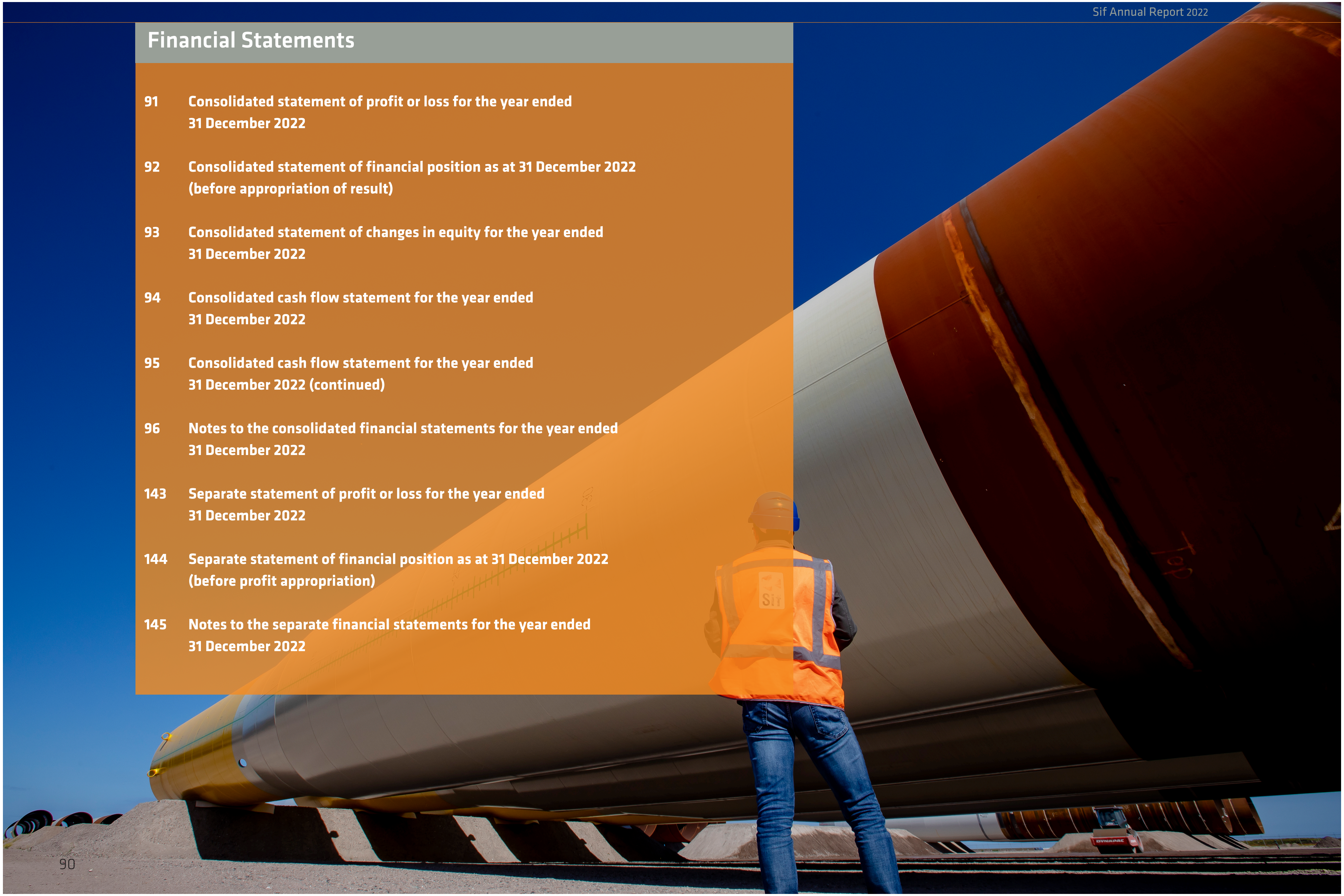
Financial Statements



Consolidated statement of profit or loss for the year ended 31 December 2022

AMOUNTS IN EUR '000	Notes		2022		2021
Revenue from contracts with customers			363,891		418,496
Operating lease income			10,652		4,045
Total revenue	6		374,543		422,541
Raw materials		(191,674)		(160,311)	
Subcontracted work and other external charges		(36,561)		(126,090)	
Logistic and other project related expenses		(15,797)		(21,910)	
Direct personnel expenses	7	(37,610)		(32,213)	
Production and general manufacturing expenses		(17,481)		(11,238)	
Indirect personnel expenses	7	(21,204)		(19,833)	
Depreciation and amortization	14,15,31	(24,226)		(21,712)	
Facilities, housing and maintenance		(4,947)		(4,127)	
Selling expenses	8	(628)		(632)	
General expenses	9	(12,305)		(8,471)	
Operating profit			12,110		16,004
Impairment (losses) / reversals on financial assets		(3)		16	
Finance costs	10	(2,010)		(2,352)	
Finance costs and impairment losses			(2,013)		(2,336)
Other income			90		1,345
Share of profit / (loss) of joint ventures	11,17		1		82
Profit before tax			10,188		15,095
Income tax expense	12		(2,670)		(3,208)
Profit after tax			**7,518**		**11,887**
Attributable to:					
Non-controlling interests	23		301		297
Equity holders of Sif Holding N.V.			7,217		11,590
Profit after tax			**7,518**		**11,887**
Earnings per share	13				
Number of ordinary shares outstanding			25,501,356		25,501,356
Basic/diluted earnings per share (EUR)			0.28		0.45

Consolidated statement of financial position as at 31 December 2022 (before appropriation of result)

AMOUNTS IN EUR '000	Notes	31-Dec-2022	31-Dec-2021
Assets			
Intangible assets	14	860	477
Property, plant and equipment	15	116,415	107,612
Right-of-use assets	31	104,466	104,598
Investment property	16	515	425
Investments in joint ventures	17	76	115
Deferred tax assets	12	-	748
Total non-current assets		222,332	213,975
Inventories	18	427	612
Contract assets	19	18,315	12,944
Trade receivables	20	22,463	17,927
VAT receivable		-	50
Prepayments		2,102	2,472
CIT receivable		1,832	-
Cash and cash equivalents	21	89,832	73,201
Total current assets		134,971	107,206
Total assets		**357,303**	**321,181**

AMOUNTS IN EUR '000	Notes	31-Dec-2022	31-Dec-2021
Equity			
Share capital	22	5,100	5,100
Additional paid-in capital	22	1,059	1,059
Retained earnings		91,266	84,527
Result for the year		7,217	11,590
Equity attributable to shareholder		104,642	102,276
Non-controlling interests		1,122	821
Total equity		105,764	103,097
Liabilities			
Lease Liabilities - non-current	24,31	99,006	100,573
Employee benefits - non-current	26	468	416
Deferred tax liabilities	12	688	-
Other non-current liabilities	28	810	1,407
Total non-current liabilities		100,972	102,396
Lease Liabilities - current	24,31	8,392	5,110
Provisions		228	-
Trade payables		92,333	62,082
Contract Liabilities	19	32,458	37,713
Employee benefits - current	26	3,310	2,460
Wage tax and social security		1,589	791
VAT payable		4,172	-
CIT payable		13	2,081
Other current liabilities	28	8,072	5,451
Total current liabilities		150,567	115,688
Total liabilities		251,539	218,084
Total equity and liabilities		**357,303**	**321,181**

Consolidated statement of changes in equity for the year ended 31 December 2022

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 2022	5,100	1,059	84,527	11,590	102,276	821	103,097
Appropriation of result	-	-	11,590	(11,590)	-	-	-
Total comprehensive income							
Result for the year	-	-	-	7,217	7,217	301	7,518
Total comprehensive income	-	-	-	7,217	7,217	301	7,518
Transactions with owners of the Company							
Dividend distributions	-	-	(4,851)	-	(4,851)	-	(4,851)
Total transactions with owners of the Company	-	-	(4,851)	-	(4,851)	-	(4,851)
Balance as at 31 December 2022	**5,100**	**1,059**	**91,266**	**7,217**	**104,642**	**1,122**	**105,764**
Balance as at 1 January 2021	5,100	1,059	80,316	7,271	93,746	524	94,270
Appropriation of result	-	-	7,271	(7,271)	-	-	-
Total comprehensive income							
Result for the year	-	-	-	11,590	11,590	297	11,887
Total comprehensive income	-	-	-	11,590	11,590	297	11,887
Transactions with owners of the Company							
Dividend distributions	-	-	(3,060)	-	(3,060)	-	(3,060)
Total transactions with owners of the Company	-	-	(3,060)	-	(3,060)	-	(3,060)
Balance at 31 December 2021	**5,100**	**1,059**	**84,527**	**11,590**	**102,276**	**821**	**103,097**

Consolidated cash flow statement for the year ended 31 December 2022

AMOUNTS IN EUR '000	Notes	2022	2021
Cash flows from operating activities			
Profit before tax		10,188	15,095
Adjustments for:			
Depreciation and amortization of Property, Plant and Equipment and Intangible assets	14,15	14,116	16,524
Depreciation of right-of-use assets	31	10,110	5,189
Fair value adjustments on investment property	16	(90)	(25)
Unrealised changes in joint ventures	17	39	(82)
Gain on bargain purchase		-	(1,320)
Impairment (losses) / reversals on financial assets		3	(16)
Net finance costs		2,010	2,352
Changes in net working capital			
o Inventories	18	185	(237)
o Contract assets and liabilities	19	(10,626)	40,386
o Trade receivables	20	(4,539)	26,637
o Prepayments		125	(605)
o Trade payables		26,544	(1,720)
Total changes in net working capital		11,689	64,461
VAT payable and receivable		4,222	(5,542)
Initial direct costs on operating lease contracts		(605)	(2,095)
Other financial assets		-	859
Employee benefits		902	198
Provisions		228	-
Wage tax and social security		798	(1,000)
Other liabilities		2,326	(1,291)
Government grants received		380	841
Income taxes received / (paid)		(5,134)	(1,971)
Interest received / (paid)		(822)	(947)
Net cash from operating activities		**50,360**	**91,230**

Consolidated cash flow statement for the year ended 31 December 2022 (continued)

AMOUNTS IN EUR '000		2022	2021
Cash flows from investing activities			
Purchase of intangible fixed assets	14	(760)	(100)
Purchase of property, plant and equipment	15	(19,523)	(10,826)
Acquisition of subsidiaries		-	(567)
Net cash from (used in) investing activities		**(20,283)**	**(11,493)**
Cash flows from financing activities			
Movements in revolving credit facility	24	-	(174)
Payment of lease liabilities	31	(8,595)	(5,947)
Dividends paid	22	(4,851)	(3,060)
Net cash from (used in) financing activities		**(13,446)**	**(9,181)**
Net increase / (decrease) in cash and cash equivalents		16,631	70,556
Cash and cash equivalents at 1 January		73,201	2,645
Cash and cash equivalents at 31 December		**89,832**	**73,201**

Notes to the consolidated financial statements for the year ended 31 December 2022

1 Reporting entity

Sif Holding N.V. (the 'Company') is a public limited liability company domiciled in the Netherlands. The Company's registered office is at Mijnheerkensweg 33, Roermond. These consolidated financial statements comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies'). Information on the structure of the Group is provided in note 30. 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 2022, were authorised for issue in accordance with a resolution of the Executive Board on 29 March 2023.

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

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

2 Basis of preparation

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

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

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

2.1 Going concern

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

The future financial performance of the Group is dependent upon the wider economic environment in which it operates. The factors that particularly affect the performance of the Group include political decision making and global economic conditions. The war in Ukraine has heightened the inherent uncertainty in the Group's assessment of these factors. However, the outlook remains positive: the orderbook is well filled until halfway 2025 and the financing arrangements are secured 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. This is confirmed by the market study which was the basis for the decision making for the expansion plans of the production facility. Due to the strong demand for larger monopiles than the Group can produce in it's current facility, the Group is planning an upgrade of its manufacturing plant. After balance sheet date the Final Investment Decision for this expansion is taken by the Group. The financing for the expansion plan includes the re-financing of the current financing arrangements. Reference is made to note 35 for more information related to the expansion plans.

The Group assessed where climate related matters could have a significant impact on the going concern situation. As due to emission-reduction legislation the demand for renewable energy is increasing, which increases the future offshore wind market and therewith for the demand for the products of the Group. Therefore, management assesses that the current climate related matters have a positive impact on the future volume of projects in the offshore wind market, and therefore lower the risk in relation to going concern of the Group.

Impact of war in Ukraine

The current war between Russia and Ukraine impacts the global economy as a whole, and as a result we and the market we are operating in, face greater risks due to the international nature of the offshore wind industry, including the countries where we, our customers or our suppliers operate. On the other hand, the ambitions for the renewable energy transition have increased, to be able to become less dependend on Russian gas.

This military action, including sanctions and other measures taken in response, have and could further adversely affect the global economy, the financial markets and supply chain, which therefore may impact customer demand, delivery of products and services to clients, as well as our ability and the ability of our supply chain to obtain raw materials, parts, components and utilities. In addition, the conflict amplifies the surge in energy prices, commodity prices, transportation costs, inflation and cyberattacks.

The price inflations have mainly impact for the Group in the area of utilities. As the price for steel is a pass through item for the Group, the increased steel prices have no effect on the profitability of the Group. Given the necessary growth of the offshore wind market (amongst others driven by accelerated need for energy transion), management does not expect that the steel price inflation results in less wind farms being developed.

The Group has no direct business with Ukraine, Russia or Belarus, but management notices an indirect impact on the Group's business, including price increases and inflation, as well as impact on our suppliers. Management remains alert for any impact on our business in the future. Currently, there is no material uncertainty with respect to the going concern evaluation.

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.

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 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

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

Business combinations

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

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

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

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

Transactions eliminated on consolidation

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

3.2 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. Furthermore, climate related matters are taken into account, however the Group concluded that those have no significant impact on the estimates and assumptions. The 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 recognized prospectively.

Contract assets and liabilities

Revenues from contracts with customers and direct costs are recognized in the statement of profit or loss in proportion to the satisfaction of each performance obligation. In the Wind segment and some projects in the Other segment 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 significant accounting policies related to revenues from contracts with customers.

Leases

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

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

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

During 2021, as a result of the progress of expansion plans, the Group concluded that it is reasonably certain that the option to early terminate the lease contacts at 1 July 2031 will not be exercised. Consequently the lease terms of the lease contracts of the plots were extended to 30 June 2041 in the course of 2021. During 2022, more progress is made with respect to the expension plans, and after reporting date the Final Investment Decision (FID) has been taken. For more information, reference is made to note 35. Therefore, management concluded that there is no reason to adjust the lease term of the leases.

3.3 Summary of significant accounting policies

Revenue from contracts with customers

The Group is primarily involved in the manufacturing of foundation piles for offshore wind farms and metal structures, parts of metal structures, pipes, pipe structures, and components for the offshore industry. Furthermore, the Group is providing Marshalling and logistics services to its clients. In addition, with the acquisition of KCI The Engineers B.V. during 2021, the Group is also involved in the engineering of solutions for renewables market, the oil & gas market and other equipment. Revenue from contracts with customers is recognized 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, the Group incurs costs of obtaining a contract, but these are not incremental costs (the costs would have incurred if the contract had not been obtained) and are recognized as an expense when incurred.

Identify the performance obligations in the contract

The goods of the Group include mainly monopiles, transition pieces, legs, piles and pilesleeves. Goods within a contract that are substantially the same and that have the same pattern of transfer to the customer are considered as series of distinct goods. These series and the other individual goods are identified as separate performance obligations as the customer can benefit from the goods on its own or with readily available resources and the goods are distinct within the context of the contract. This results in an accounting treatment with a series of goods on a performance obligation for the aforementioned goods, as the series of goods are designed for a specific project and connected to each other without having the opportunity to adjust these easily. The aforementioned goods are separated as these can be considered to be distinct. Storage of goods is not considered a performance obligation, as it is not a promise in the contract. When the customer requires additional storage of goods (in addition to the agreed schedules for production and load-out), this is assessed in light of the guidance for identification of performance obligations (at contract inception) or contract modifications (when the request comes during the execution of the contract). If applicable, the additional storage service is not considered a service in the Marshalling segment, as it does not qualify as a lease (the customers does not obtain right to control the use the storage area) and no specific logistical handling services are provided.

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 and liquidated damages. Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. In case the Group determined that the estimates of variable consideration are constrained, the transaction price is adjusted accordingly. The main variable consideration that can be applicable to the contracts of the Group is related to steel prices (of which the impact of changes is passed through to the customers of the Group) and liquidated damages, which are performance penalties in the contract in case agreed milestones are not met. Based on facts and circumstances in relation to the respective project, the Group assesses to what extend it is highly probable that a significant revenue reversal will not occur in future periods once the uncertainty related to the variable consideration is resolved. Other forms of variable considerations are relatively limited, as the Group provides no volume rebates, no rights of returns, no performance bonuses, no refunds nor credits.

Allocate the transaction price to the performance obligations in the contract

The transaction price is separately agreed for the relevant performance obligation or are allocated to the relevant performance obligation in proportion to their stand-alone selling price which was the basis for the contract.

Recognize 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 recognize revenue over time, since its performance creates or enhances an asset that the customer controls as the asset is created, its performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date. The Group uses the input method to measure progress over time, based on labour hours spent. The actual hours spent in relation to the total expected hours to the satisfaction of that performance obligation is considered a reliable measure to recognize revenue over time.

Marshalling services

During 2019 the Group started to provide marshalling and logistic services to its clients. These services can comprise of (a combination of) renting out logistical 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. In the assessment of the applicable performance obligations in contracts with customers in the Marshalling segment it is considered whether the control of any goods or services is transferred to the Group, or the control remains at the customer.

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”.

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. Therefore, revenue for logistical handling services is recognized at the moment the service is provided to the customer.

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

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

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

Contract balances

Contract assets

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

Contract liabilities

A contract liability is recognized if a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional (i.e. a receivable), before the Group transfers the related goods or services. Contract liabilities are recognized 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 are revised periodically.

Trade receivables

A receivable is recognized 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.

Government grants

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

Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized 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 recognized in profit or loss over the periods in which the Group recognizes 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 recognized 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 recognized 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 over the 3-year vesting period as the employees render service. The liability is remeasured at each balance sheet date to its fair value, with any changes recognized immediately through profit and loss. The estimates with respect to the number of units that are expected to vest (based on performance conditions) and for which share price 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 recognized 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 recognized 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 recognized in other comprehensive income (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 recognized in profit or loss except to the extent that they relate to items recognized 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 recognized 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.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized 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 recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized 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 recognized 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 recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

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

Intangible assets

Software

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

Research and development costs

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

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

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

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

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

Property, plant and equipment

Recognition and measurement

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

If significant parts of an item of property, plant and equipment have different useful lifes, 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 lifes, and is recognized 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 lifes 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 lifes 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 recognized is derecognized 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 derecognized.

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 derecognized 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 recognized 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 recognizes 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 recognizes 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 recognized, 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 lifes of the assets. For more information related to the estimated useful life of the assets reference is made to note 3.2.

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

Lease liabilities

At the commencement date of the lease, the Group recognizes 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 recognized 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 repayment 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 recognized 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).

During 2022 no adjustments have been made to the estimations of the lease terms which had a material impact.

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 operational lease income 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 recognized 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 recognized at cost. The carrying amount of the investment is adjusted to recognize 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 recognized directly in the equity of the associate or joint venture, the Group recognizes 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 Group values the non-controlling interest using its proportionate share of the acquiree's identifiable net assets.

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 recognizes 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 amortized cost.

Financial assets
IFRS 9 sets out requirements for recognizing 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 amortized 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 of IFRS 15.63 associated with the determination of whether a significant financing component exists, 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 amortized 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 amortized cost are the most relevant to the Group. The Group measures financial assets at amortized 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 amortized cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired. The Group's financial assets at amortized cost includes trade receivables, contract assets 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 derecognized (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 recognizes 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 recognizes 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.

In case a financial liability does not meet the initial recognition criteria, the financial liability is disclosed as contingent liability.

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 amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized 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 amortization is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognized 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 recognized 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 recognized 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 with any changes recognized immediately through profit and loss.

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 recognized 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 recognizes 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 recognized directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value remeasurement recognized 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 recognized 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 recognized 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 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to IAS 16 Property, plant and equipment – Proceeds before intended use, effective 1 January 2022

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 recognizes 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.

These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IAS 37 Provisions, contingent liabilities and contingent assets – onerous contracts—cost of fulfilling a contract, effective 1 January 2022

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 (e.g., the costs of direct labour and materials) and an allocation of costs (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision) 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.

These amendments had no impact on the consolidated financial statements of the Group.

Amendments to IFRS 3 Business combinations – References to the conceptual framework, effective 1 January 2022

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 recognize contingent assets acquired in a business combination.

These amendments had no impact on the consolidated financial statements of the Group.

Annual Improvements Cycle - 2018-2020, effective 1 January 2022

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

- IFRS 9 Financial instruments – Fees in the '10 per cent' test for derecognition of financial liabilities.
  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.
  These amendments had no impact on the Group's consolidated financial statements.
- 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 had no impact on the consolidated financial statements of 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 (the 2020 amendments and 2022 amendments)*

The amendments clarify the criteria for determining whether to classify a liability as current or non-current. The amendments clarify:

- Right to defer settlement - the amendments provide clarification that if an entity's right to defer settlement of a liability is subject to the entity complying with future covenants, the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period.
- Expected deferrals - the amendments clarify that classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period.
- Settlement by way of own equity instruments - the amendments clarify that there is an exception to the requirement that settlement of liabilities by way of own equity instruments impacts the classification of liabilities.
- Disclosures - the amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within twelve months.

Companies are required to apply the amendments for annual periods beginning on or after 1 January 2024. The amendments must be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

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

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

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

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

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

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

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

The amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

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

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction, effective 1 January 2023

The Amendments narrow the scope of the initial recognition exception under IAS 12 Income Taxes, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The Amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.

The Amendments apply to annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. The amendments apply prospectively to transactions that occur on or after the beginning of the earliest comparative period presented.

The group is currently assessing the impact of these amendments on the Group's consolidated financial statements.

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback, effective 1 January 2024*

The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained. The amendment does not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller-lessee determining 'lease payments' that are different from the general definition of lease payments in Appendix A of IFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Companies are required to apply the amendments for annual periods beginning on or after 1 January 2024. The amendments must be applied retrospectively in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
The Group currently has had no sale and leaseback transactions since the implementation date of IFRS 16. In case these will occur in future periods, these amendments will be taken into account.

6 Operating segments

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

> Wind, which produces and delivers monopiles, transition pieces or other foundation components for the off-shore wind industry;
> Marshalling, which includes renting-out of logistical area and facilities and the delivery of logistical services to customers, mainly in the off-shore wind industry;
> Other, which includes mainly engineering services, production of offshore steel structures and operational lease income for the windmill on the Group’s site in Rotterdam.

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.

All accounts below gross profit 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 contracts 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	2022				2021			
	Wind	Marshalling	Other	Total	Wind	Marshalling	Other	Total
- Revenue from contracts with customers	352,863	3,422	7,606	363,891	411,055	3,344	4,097	418,496
- Operational lease income	-	9,084	1,568	10,652	-	2,455	1,590	4,045
Total revenue	352,863	12,506	9,174	374,543	411,055	5,799	5,687	422,541
- Raw materials	(191,494)	(46)	(134)	(191,674)	(160,165)	(76)	(70)	(160,311)
- Subcontracted work and other external charges	(36,104)	(30)	(427)	(36,561)	(125,958)	(100)	(32)	(126,090)
- Logistic and other project related expenses	(14,097)	(1,368)	(332)	(15,797)	(18,180)	(3,515)	(215)	(21,910)
Segment contribution	111,168	11,062	8,281	130,511	106,752	2,108	5,370	114,230
- Direct personnel expenses	(32,329)	(13)	(5,268)	(37,610)	(28,526)	(57)	(3,630)	(32,213)
- Production and general manufacturing expenses	(17,307)	0	(174)	(17,481)	(11,228)	0	(10)	(11,238)
Gross profit	61,532	11,049	2,839	75,420	66,998	2,051	1,730	70,779
Indirect personnel expenses				(21,204)				(20,208)
Depreciation and amortization				(24,226)				(21,712)
Facilities, housing and maintenance				(4,947)				(4,127)
Selling expenses				(628)				(632)
General expenses				(12,305)				(8,096)
Finance costs and impairment losses				(2,013)				(2,336)
Other income				90				1,345
Share of profit / (loss) of joint ventures				1				82
Total profit before tax				**10,188**				**15,095**

The depreciation and amortization expenses includes an amount of EUR 3.8 million (2021: EUR 1.6 million), which is related to the capitalised ground lease expenses for the logistical area (EUR 1.6 million, 2021: EUR 1.6 million) and initial direct costs for an operational lease contract (EUR 2.2 million, 2021: nihil) in the Marshalling segment (under IFRS 16).

Revenue from contracts with customers in the Wind segment in 2022 has decreased as compared to 2021, mainly due to the fact that in 2021 the revenue from contracts with customers included revenue related to the performance obligations fulfilled by the Group's subcontractor for the production of secondary steel. During 2022 these performance obligations were not in the scope of the contracts with customers of the Group.

Geographical information

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

The geographic information below analyses the Group's revenue by the country of domicile of contract partners, the European Union (EU) and other countries outside the EU. 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	2022	2021
The Netherlands	156,074	270,701
United Kingdom	198,353	143,252
Norway	12,483	547
France	790	2,320
Japan	60	3,308
Rest of the European Union (EU)	5,933	2,413
Rest of the world	851	-
Total revenue	**374,543**	**422,541**

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 approximately EUR 610 million (of which approximately EUR 139 million will be satisfied more than one year after reporting date) (2021: EUR 504 million of which approximately EUR 156 million will be satisfied after more than one year). This is the best estimate at reporting date, the transaction price could be impacted by variable considerations (such as fluctuations in steel prices, liquidated damages and other variable considerations under existing contracts).

Major customers

Revenues from three customers of the Group's Wind segment represented approximately EUR 320 million (2021: three customers representing EUR 403 million) of the Group's total revenues. In 2022 the largest customer represented a revenue of approximately EUR 123 million, the second customer also approximately EUR 123 million, the third customer approximately EUR 74 million. In 2021 the largest customer represented a revenue of approximately EUR 154 million, the second customer approximately EUR 140 million and the third customer approximately EUR 106 million.

7 Personnel expenses

AMOUNTS IN EUR '000	2022	2021
Wages and salaries	25,658	24,627
Hired staff and temporary workers	22,875	17,330
Compensation/grants received	(823)	(460)
Social security contributions	3,277	3,094
Pension expenses	3,393	3,266
Other employee benefit expenses	4,434	4,189
Total personnel expenses	**58,814**	**52,046**

The compensation/grants received mainly relate to wage tax grants received in relation to research and development activities.

Pension expenses

Obligations for contributions to the industry pension fund are expensed as the related service is provided. Prepaid contributions are recognized 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 2022 amounted to 106,8% (2021: 105,1%). The 2022 pension premium has remained at a level similar to the 2021 premiums. The Group's participation in the industry pension fund is less than 0.05 % (2021: 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 4.0 million in 2023, of which approximately EUR 3.7 million to PMT industry fund.

Number of employees

The average number of employees employed by the Group in 2022 amounts to 365 FTE (2021: 358 FTE), which includes 43 FTE for KCI (2021: 42 FTE). The table below provides an overview of the average number of FTE split per functional area. All employees are based in the Netherlands.

	2022	2021
Production and distribution	170	167
Innovation and maintenance	32	34
Logistic services	27	23
Planning and engineering	56	51
Quality and safety	10	11
Sales	13	14
Management	5	5
Purchasing and warehousing	14	15
Administrative	9	10
Other	29	28
Total number of employees	**365**	**358**

8 Selling expenses

AMOUNTS IN EUR '000	2022	2021
Travel and representation	266	149
Promotional and advertising costs	218	263
Tender expenses	77	31
Other selling expenses	67	189
Total selling expenses	**628**	**632**

9 General expenses

AMOUNTS IN EUR '000	2022	2021
Consultancy fees	6,440	3,316
Insurances	2,148	2,036
Software, license fees	2,352	1,582
Office expenses	659	472
Other general expenses	706	1,065
Total general expenses	**12,305**	**8,471**

The general expenses have increased in 2022 as compared to 2021, mainly due to consultancy fees related to the expansion plans (reference is made to note 35 for more information regarding these plans) and investments in cloud software solutions.

10 Net finance costs

AMOUNTS IN EUR '000	2022	2021
Interest on loans and borrowings	99	221
Borrowing cost finance facility	245	328
Interest expense on lease liabilities	943	1,071
Other finance costs	723	732
Finance costs	**2,010**	**2,352**

11 Share of profit of joint ventures

For the year 2022 the result of the Group from joint ventures was EUR 1 thousand positive (2021: EUR 82 thousand positive). The amount consists of EUR 22 thousand positive related to SBR Engineering GmbH (2021: EUR 11 thousand positive) and EUR 21 thousand negative from Smulders Sif Steel Foundations B.V. (2021: EUR 71 thousand positive) (see note 17).

12 Income tax expense

Income tax recognized in profit or loss

AMOUNTS IN EUR '000	2022	2021
Current year income tax charge	1,434	3,158
Movement in deferred tax balances	1,436	(94)
Prior year adjustment	(200)	144
Tax expense recognized in statement of profit or loss	**2,670**	**3,208**

The prior year adjustments relate mainly to adjustments in the tax base of intangible assets and other liabilities, which is confirmed by the latest finanlized income tax return.

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

Movement in deferred tax balances

AMOUNTS IN EUR '000	Net balance at 1 January	Reclass from current tax	Recognized in profit or loss	Net balance at 31 December
2022				
Intangible fixed assets	(25)	-	(3)	(28)
Property, plant and equipment	(75)	-	(3)	(78)
Right of use assets and lease liabilities	797	-	116	913
Investment property	3	-	(23)	(20)
Contract assets	-	-	(941)	(941)
Accounts receivable	2	-	1	3
Employee benefits	46	-	(15)	31
Other liabilities	-	-	(568)	(568)
Tax assets (liabilities) after netting	**748**	**-**	**(1,436)**	**(688)**

AMOUNTS IN EUR '000	Net balance at 1 January	Reclass from current tax	Recognized in profit or loss	Net balance at 31 December
2021				
Intangible fixed assets	-	-	(25)	(25)
Property, plant and equipment	(77)	-	2	(75)
Right of use assets and lease liabilities	410	305	82	797
Investment property	10	-	(7)	3
Accounts receivable	6	-	(4)	2
Employee benefits	-	-	46	46
Tax assets (liabilities) after netting	**349**	**305**	**94**	**748**

Unrecognized deferred tax assets and liabilities

At 31 December 2022 and 31 December 2021, the Group has recognized all deferred tax assets applicable to the Group.

Reconciliation of effective tax rate

%	2022	2021
Tax using the Company's domestic tax rate	25.1	24.6
Adjustment in tax rates due to corrections prior year	1.5	1.0
Reduction in tax rates due to tax incentives	(1.5)	(3.6)
Gain on bargain purchase	-	(1.0)
Participation Exemption	-	(0.1)
Non tax deductible expenses	1.1	0.4
Effective tax rate	**26.2**	**21.3**

The reductions in tax rates due to tax incentives mentioned in above table relates to an expected gain from the application of the innovation box. The gain on bargain purchase in 2021 relates to the gain resulting from the acquisition of KCI The Engineers B.V.

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

	2022	2021
Issued ordinary shares at 1 January	25,501,356	25,501,356
Issued ordinary shares at 31 December	25,501,356	25,501,356
Weighted average number of ordinary shares at 31 December	25,501,356	25,501,356

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

14 Intangible assets

Reconciliation of the carrying amount

AMOUNTS IN EUR '000	Software	Capitalised R&D	Total
Cost			
Balance at 1 January 2022	2,042	100	2,142
Additions	-	760	760
Disposals	-	-	-
Balance at 31 December 2022	**2,042**	**860**	**2,902**
Balance at 1 January 2021	2,042	-	2,042
Additions	-	100	100
Disposals	-	-	-
Balance at 31 December 2021	**2,042**	**100**	**2,142**
Accumulated depreciation			
Balance at 1 January 2022	(1,665)	-	(1,665)
Depreciation	(377)	-	(377)
Disposals	-	-	-
Balance at 31 December 2022	**(2,042)**	**-**	**(2,042)**
Balance at 1 January 2021	(777)	-	(777)
Depreciation	(888)	-	(888)
Disposals	-	-	-
Balance at 31 December 2021	**(1,665)**	**-**	**(1,665)**
Carrying amounts			
At 31 December 2022	-	860	860
At 31 December 2021	377	100	477

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 2022	136,061	108,946	3,506	248,513
Additions	3,458	18,467	617	22,542
Disposals	-	-	-	-
Balance at 31 December 2022	**139,519**	**127,413**	**4,123**	**271,055**
Balance at 1 January 2021	131,330	101,169	3,107	235,606
Additions	4,731	7,777	201	12,709
Acquired in business combination	-	-	198	198
Disposals	-	-	-	-
Balance at 31 December 2021	**136,061**	**108,946**	**3,506**	**248,513**
Accumulated depreciation				
Balance at 1 January 2022	(61,333)	(76,862)	(2,706)	(140,901)
Depreciation	(4,505)	(8,945)	(289)	(13,739)
Disposals	-	-	-	-
Balance at 31 December 2022	**(65,838)**	**(85,807)**	**(2,995)**	**(154,640)**
Balance at 1 January 2021	(54,781)	(68,129)	(2,356)	(125,266)
Depreciation	(6,552)	(8,733)	(350)	(15,635)
Disposals	-	-	-	-
Balance at 31 December 2021	**(61,333)**	**(76,862)**	**(2,706)**	**(140,901)**
Carrying amounts				
At 31 December 2022	73,681	41,606	1,128	116,415
At 31 December 2021	74,728	32,084	800	107,612

At 31 December 2022, the total property, plant and equipment include an amount of EUR 20.4 million (2021: EUR 7.5 million), devided over land and buildings EUR 2.8 million (2021: EUR 4.7 million), plant and equipment EUR 17.6 million (2021: EUR 2.8 million) and other fixed assets EUR 70 thousand (2021: EUR 23 thousand).

At 31 December 2022 and 2021 all directly owned property, plant and equipment was collateralized as part of the financing agreements in place (see note 24).

16 Investment property

Reconciliation of the carrying amount

AMOUNTS IN EUR '000	2022	2021
Balance at 1 January	425	400
Additions	-	-
Revaluation	90	25
Balance at 31 December	**515**	**425**

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 31.

Fair value as of 31 December 2022 is estimated at EUR 515 thousand (2021: EUR 425 thousand), based on the estimated increase in property value, combined with the initial valuation made by external, independent property valuators, having appropriate recognized professional qualifications and recent experience in the location and category of the property. The fair value measurement has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

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 2022 the Group's interest in the joint venture amounts EUR 66 thousand (2021: EUR 44 thousand).

The Group has a 50% interest in Smulders Sif Steel Foundations B.V., a joint venture focused on project management in the offshore wind 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 2022 the Group's interest in the joint venture amounts EUR 10 thousand (2021: EUR 71 thousand).

AMOUNTS IN EUR '000	2022	2021
Balance at 1 January	115	33
Additions	-	-
Result for the year	1	82
Dividends paid	(40)	-
Balance at 31 December	**76**	**115**

18 Inventories

AMOUNTS IN EUR '000	2022	2021
Raw materials and consumables	427	612
Total inventories	**427**	**612**

During 2022 and 2021 no inventories were written down to the lower of net realisable value.

19 Contract assets and liabilities

AMOUNTS IN EUR '000	2022	2021
Contract assets	18,315	12,944
Contract liabilities	(32,458)	(37,713)
Net contract assets and liabilities	**(14,143)**	**(24,769)**
Expenses incurred including realized profit to date	1,223,926	831,510
Invoiced terms	(1,238,069)	(856,279)
Net contract assets and liabilities	**(14,143)**	**(24,769)**

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

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

Contract liabilities concern the balances of all projects in progress for which the invoiced terms exceed expenses incurred plus recorded profit minus project losses, if any. In addition, the estimated bond costs for completed contracts which are expected to be incurred within 12 months after balance sheet date are recorded as part of the contract liabilities, which amount to EUR 0.4 million at 31 December 2022 (2021: EUR 0.7 million). The revenues recognized in the reporting period that was included in the contract liability balance at the beginning of the period amounts EUR 37.0 million (2021: EUR 13.3 million). Revenue recognized in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods amounts to EUR 8.1 million (2021: EUR 4.4 million).

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

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

20 Trade receivables

All trade and other receivables are expected to mature within 12 months. Trade receivables are non-interest bearing and are generally based on payment terms of 30 to 60 days. Based on an individual impairment analysis of trade receivables, at 31 December 2022 an impairment of EUR 1.3 million deemed necessary for unrecoverable receivables (2021: EUR 1.3 million). In addition, an amount of EUR 12 thousand for impairment costs due to expected credit loss (IFRS 9) has been reported (2021: EUR 9 thousand). The movements related to expected credit loss over the period are considered to be immaterial.

At year end EUR nihil of the total open balance refers to related parties (2021: EUR nihil 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 impaired trade receivables) analysis and provision matrix 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 2022							
Expected credit loss rate	0.05%	0.05%	0.05%		0.05%	0.05%	0.05%
Estimated total gross carrying amount at default	22,475	21,555	399	0	43	30	448
Expected credit loss	(12)	(12)	0	0	0	0	0
31 December 2021							
Expected credit loss rate	0.05%	0.05%	0.05%	0.05%	0.05%		0.05%
Estimated total gross carrying amount at default	17,936	17,161	39	64	5	-	668
Expected credit loss	(9)	(9)	0	0	0	0	0

21 Cash and cash equivalents

AMOUNTS IN EUR '000	2022	2021
Cash	-	7
Bank balances	89,832	73,194
Cash and cash equivalents	**89,832**	**73,201**

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. No changes have occured during 2022.

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:

	2022	2021
Number of ordinary shares dividend eligible	25,501,356	25,501,356
Rounded dividend per ordinary share (€)	0.19	0.12
Dividends declared and settled during the year (€ '000)	**4,851**	**3,060**

The Group'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 2023 no dividend pay-out will be proposed (to be approved by the shareholders).

23 Partly-owned subsidiaries

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

Summarised statement of profit or loss:

AMOUNTS IN EUR '000	2022	2021
Operating lease income	1,480	1,480
Depreciation and amortization	(359)	(359)
Other operating expenses	(153)	(123)
Finance costs	(10)	(41)
Profit before tax	958	957
Income tax	(205)	(215)
Profit after tax	**753**	**742**
Attributable to non-controlling interests	301	297
Dividends paid to non-controlling interests	-	-

Summarised statement of financial position as at 31 December:

AMOUNTS IN EUR '000	2022	2021
Property, plant and equipment	6,107	6,467
Trade receivables	14	487
Cash and cash equivalents	5,264	3,561
Trade and other payables	(8,257)	(8,139)
Interest-bearing loans and borrowings	(325)	(325)
Total equity	**2,803**	**2,051**
Attributable to:		
Equity holders of parent	1,682	1,229
Non-controlling interest	1,122	821

Summarised cash flow information for year ended 31 December:

AMOUNTS IN EUR '000	2022	2021
Operating	1,714	1,304
Investing	-	-
Financing	(10)	(21)
Net increase in cash and cash equivalents	**1,704**	**1,283**

24 Loans and borrowings

The company has the following financing arrangements:

AMOUNTS IN EUR '000	2022	2021
Lease liabilities - non-current	99,006	100,573
Lease liabilities - current	8,392	5,110
Total Loan and borrowings	**107,398**	**105,683**

The prepaid transaction costs of the revolving credit facility are presented as part of prepayments and are recognized as expense on a straight-line basis over the duration of the facilities.

Reference is made to note 31 for further information on the lease liabilities, and the related increase.

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.

Loan covenants

As per year-end the Group has one revolving credit facility which has to be repaid in full on 31 March 2024. The interest as per 31 December 2022 is based on EURIBOR plus a supplement that depends on the leverage per quarter.

The following financial ratios have to be met:

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

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

At year-end 2022 the Group met the applicable covenants, and the Group expects to meet the covenants during 2023.

Reference is made to note 35 for more information in relation to the refinancing of the credit facility as part of the expansion plans.

Terms and repayment schedule

As per 22 February 2019, the Group refinanced its 90 million revolving credit facility into a EUR 100 million revolving credit facility. The EUR 100 million revolving credit facility is funded on Euribor + supplement and will expire on 31 March 2024. As per year-end 2022 an amount of EUR nihil is outstanding (2021: EUR nihil).

The terms and conditions of outstanding loans are as follows:

AMOUNTS IN EUR '000	Currency	Nominal interest rate (%)	Year of maturity	Fair value 2022	Carrying amount 2022	Fair value 2021	Carrying amount 2021
Revolving Credit Facility	EUR	Euribor + supplement	2024	-	-	-	-
Total interest-bearing loans and borrowings				**-**	**-**	**-**	**-**

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.

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. Given the fact that the Group has a limited number of customers, the Group assesses that the main concentration of credit risk is on individual counter party. 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 89.8 million at 31 December 2022 (2021: EUR 73.2 million). The cash and cash equivalents are held with bank and financial institution counterparties, which are at least rated A- based on rating agency ratings.

Liquidity risk

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

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

Exposure to liquidity risk

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

AMOUNTS IN EUR '000	Carrying amount	Total nominal amount	3 months or less	3-12 months	1 - 2 years	2 - 5 years	More than 5 years
31 December 2022							
Non-derivative financial liabilities							
Lease liabilities	107,398	118,656	2,381	7,062	7,780	24,815	76,618
Trade payables	92,333	92,333	92,333	-	-	-	-
Total non-derivative financial liabilities	**199,731**	**210,989**	**94,714**	**7,062**	**7,780**	**24,815**	**76,618**

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

As disclosed in note 24, within the finance facility the Group has a revolving credit facility that contains loan covenants.

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 2022, the Group uses no derivatives to manage market risks (2021: 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. Given the fact that as at 31 December 2022 and 31 December 2021 no debt obligations are outstanding, no interest rate risk is applicable to the Group.

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 if applicable, closes hedge contracts at the time of entering into contracts in foreign currencies.

Commodity price risk

The Group is affected by the price volatility of mainly steel and utilities. The risk related to steel is fully transferred to the customers of the Group, no risk remains for the Group. With respect to utilities the Group fixes the purchase price for part of the future usage of gas and electricity to partly cover future volatility.

26 Employee benefits

AMOUNTS IN EUR '000	2022	2021
Jubilee provision	375	436
Accrual for employee bonuses	911	1,007
Accrual for employee vacation days outstanding	1,325	987
Personnel expenses payable	1,167	446
Total employee benefits liabilities	**3,778**	**2,876**
Non-current	468	416
Current	3,310	2,460
Total employee benefits liabilities	**3,778**	**2,876**

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

AMOUNTS IN EUR '000	2022	2021
Balance at 1 January	436	339
Additions	-	162
Used	(20)	(65)
Released	(41)	-
Balance at 31 December	**375**	**436**

27 Share based payments

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

At 31 December 2022 the outstanding liability with regard to the PSU plan was € 0.2 million (2021: € 0.2 million). During 2022 a number of 12.177 PSUs are vested and exercised (2021: 3.100), no PSUs are forfeited (2021: 10.872) and 26.734 PSUs are awarded (2021: 10.337). At 31 December 2022 a number of 43.852 PSUs are outstanding (2021: 29.295 PSUs), which vest on average 20 months after reporting date (2021: 20 months).

28 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 0.7 million, 2021: EUR 1.3 million).

The other current liabilities include mainly liabilities for invoices to be received (EUR 7.1 million).

29 Capital management

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

The Group aims for a financing structure that ensures continuing operations and minimises cost of capital. For this, flexibility and access to the financial markets are important conditions. The Group monitors its financing structure using a solvency ratio. Solvency is calculated as total equity divided by total assets (excluding the impact of IFRS 16). At year-end 2022, the solvency ratio was 42.1% (2021: 47.7%).

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 24.

30 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.[1]	Tokyo	95
Twinpark Sif B.V. [2]	Roermond	59,4
Zonnepanelen Maasvlakte B.V.	Rotterdam	100
KCI The Engineers B.V. [3]	Schiedam	100

1 – Sif Japan K.K. is liquidated per 26 August 2022

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

3 – Acquired per 15 March 2021.

No further changes are applicable in investments in subsidiaries.

31 Leases

Group as lessee

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

The Group also has certain leases of machinery and equipment with lease terms of 12 months or less and leases of office equipment with low value, for a total amount of EUR 3.6 million in 2022 (2021: EUR 4.1 million). The majority relates to short-term leases. 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 2031). As of July 2019, the Group entered into a lease agreement with Havenbedrijf Rotterdam N.V. for plot C. The lease for plot C started on 30th July 2019 and will end on 1 July 2041 (also cancellable as per 1 July 2031).

Right-of-use assets

AMOUNTS IN EUR '000	Right-of-use
Cost	
Balance at 1 January 2022	119,479
Additions	6,394
Remeasurement	3,670
Disposals	(43)
Balance at 31 December 2022	**129,500**
Balance at 1 January 2021	61,633
Acquired in business combination	211
Additions	2,406
Remeasurement	55,268
Disposals	(39)
Balance at 31 December 2021	**119,479**
Accumulated depreciation	
Balance at 1 January 2022	(14,881)
Depreciation	(10,110)
Disposals	(43)
Balance at 31 December 2022	**(25,034)**
Balance at 1 January 2021	(9,731)
Depreciation	(5,189)
Disposals	39
Balance at 31 December 2021	**(14,881)**
Carrying amounts	
At 31 December 2022	104,466
At 31 December 2021	104,598

Lease liabilities

AMOUNTS IN EUR '000

Balance at 1 January 2022	105,683
Additions	5,789
Remeasurement	3,670
Lease terms	(8,687)
Financing costs	943
Balance at 31 December 2022	**107,398**
Balance at 1 January 2021	54,764
Acquired in business combination	211
Additions	311
Remeasurement	55,268
Lease terms	(5,943)
Financing costs	1,071
Balance at 31 December 2021	**105,683**
Carrying amounts	
At 31 December 2022	107,398
At 31 December 2021	105,683

Of the total carrying value per year-end 2022 an amount of EUR 8.5 million is classified current (2021: EUR 5.1 million).

The additions in right-of-use assets include mainly logistical equipment which leased for two consequtive contracts with customers (EUR 5.1 million). Furthermore, initial direct costs on operational lease contracts in the Marshalling segment are included for an amount of EUR 0.6 million (2021: EUR 2.1 million).

The Group had total cash outflows for leases of EUR 8.6 million in 2022 (2021: EUR 6.0 million). The Group also had non-cash additions to right-of-use assets and lease liabilities of EUR 5.8 million in 2022 (2021: EUR 0.3 million).

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

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

Group as a lessor

The Group leases out its investment property (see note 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 2022 EUR 1.6 million (2021: EUR 1.6 million) and does not include variable payments.

Furthermore, as part of its contracts with customers in the Marshalling segment, the Group leases out part of the leased plots in the Rotterdam harbor and some other minor assets. These leases classify as operational sub-leases, and have terms of less than two years. The lease income from these operational lease contracts amounts for the year 2022 EUR 9.1 million (2021: EUR 2.5 million).

Future minimum rental receivable

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

AMOUNTS IN EUR '000	2022	2021
Less than 1 year	3,184	9,744
Between 1 and 2 years	-	2,239
More than 2 years	-	-
Total future minimum rental receivable	**3,184**	**11,983**

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

32 Off-balance sheet commitments

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

At 31 December 2022, the Group's commitments for the purchase of property, plant and equipment amounts to EUR 6.4 million (2021: EUR 1.1 million), which includes EUR 3.3 million related to the expansion plans of the production facilities. The commitments for raw materials amounts to EUR 152.4 million (2021: EUR 287.9 million) and commitments for subcontracting amounts to EUR 6.5 million (2021: EUR 16.8 million).

Guarantee facilities

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

AMOUNTS IN EUR '000	Type	31 December 2022		31 December 2021	
		Total facility	Used	Total facility	Used
Euler Hermes S.A. / Tokio Marine Europe S.A.	General	130,000	80,091	130,000	127,929
Coöperatieve Rabobank U.A.	General	40,000	11,255	40,000	11,255
ING Bank N.V.	General	40,000	33,190	40,000	33,623
ABN AMRO Bank N.V.	General	40,000	27,532	40,000	27,589
Coöperatieve Rabobank U.A.	Project	-	-	3,604	3,604
ING Bank N.V.	Project	-	-	3,604	3,604
Total		**250,000**	**152,068**	**257,208**	**207,604**

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

Fiscal unity

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

33 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 192 thousand (2021: EUR 180 thousand). Furthermore the Group sent no invoices to Smulders Sif Steel Foundations B.V. for project related work performed (2021: EUR 3.2 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:

	2022	2021
G.G.P.M. van Beers	16,500	16,500
Balance at 31 December	**16,500**	**16,500**

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

AMOUNTS IN EUR	2022	2021
A. Goedée[1]	70,000	70,000
P.J. Gerretse[2]	45,000	45,792
C.A.J. van den Bosch[2]	45,000	45,639
P.E. Visser[3]	45,000	45,000
P.E. Wit[4]	45,000	45,000
	250,000	**251,431**

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

COMPENSATION OF THE CURRENT EXECUTIVE BOARD MEMBERS

	G.G.P.M. van Beers		B.J. Meijer **		L.A.M. Verweij *	
AMOUNTS IN EUR	2022	2021	2022	2021	2022	2021
Base salary	398,879	382,398	235,980	138,730	-	104,821
Employer´s pension contributions	24,458	22,706	20,604	12,428	-	24,491
Pension compensation	33,742	34,230	16,649	9,768	-	17,150
Annual bonus (accrual)	149,619	224,330	69,917	59,273	-	49,688
LTIP (accrual)	118,114	139,714	27,839	7,234	-	51,724
Termination fee	-	-	-	-	-	143,559
Other benefits (car lease, travel expenses and relocation expenses)	50,463	45,082	40,471	23,718	-	14,028
Social security and other payments	9,881	10,004	9,881	5,800	-	3,851
Total remuneration	**785,156**	**858,464**	**421,341**	**256,951**	**-**	**409,312**
Paid annual bonus in the year, earned over the previous year	201,906	192,117	59,273	-	-	117,431
Paid vested LTIP	85,026	-	-	-	-	51,724
Total actual paid variable remuneration	**286,932**	**192,117**	**59,273**	**-**	**-**	**169,155**

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

34 Service fees paid to external auditors

The total service fees of external auditors for financial years 2022 and 2021, which consist of services related to the respective reporting periods, can be specified as follows:

	Ernst & Young Accountants LLP		Other	
AMOUNTS IN EUR '000	2022	2021	2022	2021
Audit of financial statements	360	302	-	-
Other assurance services	45	73	9	8
Total	**405**	**375**	**9**	**8**

35 Events after the reporting period

On 13 February 2023 Sif Holding N.V. took a Final Investment Decision to construct a new monopile foundation manufacturing plant in Rotterdam, the Netherlands. Construction will start in April 2023 and will require €328 million capital expenditure (in property, plant and equipment and right-of-use assets) over the period 2023 - 2024. The upgraded manufacturing plant will increase the total combined capacity of Sif to 500 kilotons a year and upgrade Sif's capabilities to manufacture the equivalent of 200 XXXL, 11 meter diameter, 2,500 tons reference monopile foundations per annum.

Two launching customers together have committed to 348 kilotons of production (booked or in exclusive negotiation). A long-term capacity reservation framework agreement with Equinor is in place while a second long-term capacity reservation framework agreement is currently being negotiated, which signifies strong commitment from both our customers and the market.

Fully committed and robust funding of the expansion plan is in place. The investment will be funded through a combination of advanced factory payments from launching customers, issuance of preferred equity to a launching customer, fully underwritten issuance of common equity, leases and term loans with the remainder being funded through cash and cash equivalents:

- €100 million of advanced factory payments from launching customers;
- €50 million commitment from Equinor to an investment in newly created convertible cumulative preference shares, with a conversion option from 1 July 2028 onwards;
- €50 million of common equity, to be issued through a rights offering, fully underwritten by the Cornerstone Shareholder for a price of EUR 11.50 per share;
- €40 million lease facility provided by Rabobank; and
- €81 million term-loans with a duration of 6 years, with €64.8 million provided by Invest-NL and €16.2 provided by a consortium of banks,
- €50 million Revolving Credit Facility and a €350 million guarantee facility from a consortium of banks.

Separate statement of profit or loss for the year ended 31 December 2022

AMOUNTS IN EUR '000	Notes	2022		2021	
Management fee	39	1,716		1,942	
Total revenue			1,716		1,942
Indirect personnel expenses	40	(1,903)		(1,929)	
General income / (expenses)		(8,028)		(5,437)	
Operating profit			(8,215)		(5,424)
Finance costs		(547)		(555)	
Net finance costs			(547)		(555)
Profit before tax			(8,762)		(5,979)
Income tax expense			1,304		783
Result of participation in subsidiaries	42		14,653		16,775
Result of participation in joint ventures			22		11
Profit after tax			**7,217**		**11,590**

Separate statement of financial position as at 31 December 2022 (before profit appropriation)

AMOUNTS IN EUR '000	Notes	31-Dec-2022	31-Dec-2021
Assets			
Investments in subsidiaries and joint ventures	42	185,786	171,127
Other non-current financial assets		195	195
Deferred tax assets		7	-
Total non-current assets		185,988	171,322
VAT receivable		417	243
CIT receivable		1,821	-
Prepayments		303	580
Cash and cash equivalents		422	228
Total current assets		2,963	1,051
Total assets		**188,951**	**172,373**

AMOUNTS IN EUR '000	Notes	31-Dec-2022	31-Dec-2021
Equity			
Share capital		5,100	5,100
Additional paid-in capital		1,059	1,059
Legal reserves		860	-
Retained earnings		90,406	84,527
Result for the year		7,217	11,590
Total equity	43	104,642	102,276
Liabilities			
Provisions	44	20,259	16,430
Employee benefits - non-current		74	-
Total non-current liabilities		20,333	16,430
Trade payables		402	186
Amounts due to group companies	45	61,388	50,224
Employee benefits - current		325	263
Wage tax and social security		58	60
CIT payable		-	2,463
Other current liabilities		1,803	471
Total current liabilities		63,976	53,667
Total liabilities		84,309	70,097
Total equity and liabilities		**188,951**	**172,373**

Notes to the separate financial statements for the year ended 31 December 2022

36 Reporting entity

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

37 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.

38 Significant accounting policies

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

Taxes

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

In the fiscal unity, current tax is allocated to the legal entity based on its relative share in total taxable income, before temporary differences and tax incentives. Temporary differences are allocated to the legal entity they relate to and tax incentives are fully allocated to the parent of the fiscal unity.

39 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.

40 Personnel expenses

Number of employees

The average number of employees employed by the Company in 2022 amounts to 2 FTE (2021: 2 FTE), which are the members of the Executive Board.

41 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.[1]	Tokyo	95
Twinpark Sif B.V.[2]	Roermond	59,4
SBR Engineering GmbH	Siegen-Netphen	50
KCI The Engineers B.V.[3]	Schiedam	100

1 – Sif Japan K.K. is liquidated per 26 August 2022

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

3 – Acquired per 15 March 2021

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.

42 Investments in subsidiaries and joint ventures

AMOUNTS IN EUR '000

Balance at 1 January 2022	171,127
Share in income of subsidiaries	14,675
Dividend / capital repayment	(16)
Balance at 31 December 2022	**185,786**
Balance at 1 January 2021	151,509
Acquisition	2,760
Share in income of subsidiaries	16,786
Other movements	72
Balance at 31 December 2021	**171,127**

Sif Property B.V. has a negative equity value of EUR 20.3 million (2021: EUR 16.4 million) and a loss for the year of EUR 3.8 million (2021: EUR 5.6 million). For more information related to the provision reference is made to note 44.

43 Equity

Below the statement of changes in equity for the year ended 31 December 2022:

AMOUNTS IN EUR '000	Share capital	Additional paid-in capital	Legal reserves	Retained earnings	Result for the year
Balance as at 1 January 2022	5,100	1,059	-	84,527	11,590
Appropriation of result	-	-	-	11,590	(11,590)
Movement in legal reserves	-	-	860	(860)	-
Total comprehensive income					
Result for the year	-	-	-	-	7,217
Total comprehensive income	-	-	-	-	7,217
Transactions with owners of the Company					
Dividend distributions	-	-	-	(4,851)	-
Total transactions with owners of the Company	-	-	-	(4,851)	-
Balance as at 31 December 2022	**5,100**	**1,059**	**860**	**90,406**	**7,217**
Balance as at 1 January 2021	5,100	1,059	-	80,316	7,271
Appropriation of result	-	-	-	7,271	(7,271)
Total comprehensive income					
Result for the year	-	-	-	-	11,590
Total comprehensive income	-	-	-	-	11,590
Transactions with owners of the Company					
Dividend distributions	-	-	-	(3,060)	-
Total transactions with owners of the Company	-	-	-	(3,060)	-
Balance at 31 December 2021	**5,100**	**1,059**	**-**	**84,527**	**11,590**

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. No changes have occured during 2022.

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

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

Legal reserve
The legal reserve results from the capitalisation of internally generated intangible assets, related to research and development projects.

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

	2022	2021
Number of ordinary shares dividend eligible	25,501,356	25,501,356
Rounded dividend per ordinary share (€)	0.19	0.12
Dividends declared and settled during the year (€ '000)	**4,851**	**3,060**

Sif's dividend policy is a payout of dividend in line with Sif's medium to long-term financial performance and targets, with the aim of increasing dividends-per-share over time. For 2023 no dividend pay-out will be proposed.

44 Provisions
The provisions of Sif Holding N.V. at 31 December 2022 relate to a provision for negative equity of a direct subsidiary of the Company (Sif Property B.V.), in accordance with article 2:403 paragraph 1 of the Dutch Civil Code amounted to EUR 20.3 million. (2021: EUR 16.4 million). The movement in the year of EUR 3.8 million (2021: EUR 5.6 million) equals the loss for the year of Sif Property B.V., which is recorded through General income / (expenses) in the Seperate statement of profit or loss.

45 Amounts due to group companies

AMOUNTS IN EUR '000	2022	2021
Payables to group companies (current liabilities)	61,388	50,224
Total amounts due to group companies	**61,388**	**50,224**
Payable to Sif Netherlands B.V.	52,410	42,889
Payable to Sif Property B.V.	8,597	7,141
Payable to KCI The Engineers B.V.	381	194
Total amounts due to group companies	**61,388**	**50,224**

The amounts due to group companies 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 amortized cost. Amortized cost is determined using the effective interest rate. The company recognize 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.

46 Related parties

Transactions with subsidiaries

During the year several transactions between Sif Holding N.V., Sif Netherlands B.V., Sif Property B.V. and KCI the Engineers B.V. took place. These transactions include compensation of the Executive Board and Supervisory Board. Transactions between Sif Holding N.V. and its subsidiaries takes place through the amounts due to group companies. As per year-end the amounts due to group companies amount to a liability to Sif Netherlands B.V. of approximately EUR 51.6 million (2021: EUR 43.3 million), a liability to Sif Property B.V. of approximately EUR 8.6 million (2021: EUR 7.1 million) and a liability to KCI The Engineers B.V. of approximately EUR 0.4 million (2021: EUR 0.2 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 192 thousand (2021: EUR 180 thousand).

Transactions with key management personnel

Reference is made to note 33 of the consolidated financial statements for the overview of Executive Board remuneration. The annual bonus is based on pre-defined KPI’s that may differ for each Executive Board member. Reference is made to the Remuneration Report for further details.

47 Events after the reporting period

Reference is made to note 35 of the Consolidated financial statements.

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

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

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

Corporate information

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

Trade register
Chamber of Commerce
Roermond, the Netherlands
Number 13016026

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

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

Listing and payment agent
ABN AMRO Bank NV
Gustav Mahlerlaan 10
1082 PP Amsterdam
The Netherlands


CHINA SHIPPING LINE
Van Oord
AEOLUS

Independent auditor's report

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

Report on the audit of the financial statements 2022 included in the annual report

Our opinion

We have audited the financial statements 2022 of Sif Holding N.V. based in Roermond, the Netherlands. The financial statements comprise the consolidated and 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 2022 and of its result and its cash flows for 2022 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code
- the accompanying separate financial statements give a true and fair view of the financial position of Sif Holding N.V. as at 31 December 2022 and of its result for 2022 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 2022
- the following statements for the year ended 31 December 2022: the consolidated statements of profit or loss, changes in equity and the consolidated cash flow statement
- the notes comprising a summary of the significant accounting policies and other explanatory information.

The separate financial statements comprise:

- the separate statement of financial position as at 31 December 2022
- the separate statement of profit or loss account for the year ended 31 December 2022
- the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

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

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

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

Information in support of our opinion

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

Our understanding of the business

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

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	€ 2,000,000 (2021: € 1,800,000)
Benchmark applied	1,6% of contribution (2021: 1,6% of contribution)
Explanation	Consistent with last year, we selected contribution to benchmark materiality as, in our professional judgment, contribution is a key performance indicator and users of the financial statements focus on earnings based measures. Contribution is calculated as the total revenue minus cost of raw materials, subcontracted work, other external charges, logistic and other project related expenses, as disclosed in the Key figures 2018-2022.

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 € 100,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

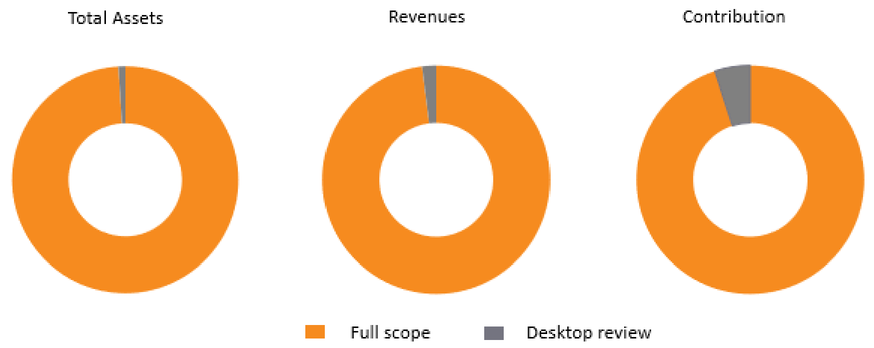
Scope of the group audit

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

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

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

In total these procedures represent 99% of the group's total assets, 98% of revenues and 95% of contribution.



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

Teaming and use of specialists

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

Our focus on climate-related risks and the energy transition

Climate change and the energy transition are high on the public agenda. Issues such as CO2 reduction impact financial reporting, as these issues entail risks for the business operation, the valuation of assets and provisions or the sustainability of the business model and access to financial markets of companies with a larger CO2 footprint. The executive board reported in the section ‘Our performance in 2022’ of the management report, how the company is addressing climate-related and environmental risks, how the company supports the energy transition and the company’s targets and ambitions to reduce the negative effects of the activities of the company and its value chain.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the effects of the energy transition and the company’s targets and ambitions, are taken into account in estimates and significant assumptions. Furthermore, we read the management report and considered whether there is any material inconsistency between the non-financial information in section ‘Our performance in 2022’ and the financial statements.

Based on the audit procedures performed, we do not deem climate-related risks to have a material impact on the financial reporting judgements, estimates or significant assumptions as at 31 December 2022.

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

Our responsibility

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

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and the executive board’s process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes. We refer to section ‘Risk and opportunity management’ of the management report for the executive board’s risk assessment after consideration of potential fraud risks.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct and whistleblower regulation. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of controls designed to mitigate fraud risks.

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

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

As in all of our audits, we addressed the risks related to management override of controls. For these risks we have performed procedures among others to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in Note 3.2 to the financial statements. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties.

These risks did however not require significant auditor's attention, besides the following specific fraud risk identified during our audit:

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

We considered available information and made enquiries of relevant executives, directors, legal / compliance officer and the supervisory board. The fraud risk we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

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

We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the executive board and the legal / compliance officer, 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.

Our audit response related to going concern

As disclosed in section 'Going concern' in Note 2 to the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, the executive board made a specific assessment of the company's ability to continue as a going concern and to continue its operations for the foreseeable future, including the considerations of the impact relating to the expansion decision.

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.

We discussed and evaluated the specific assessment with the executive board exercising professional judgment and maintaining professional skepticism. We considered whether the executive board's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the company's ability to continue as a going concern, including considerations about the decision to expand and (re-)financing.

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

Our key audit matters

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

Valuation of contract assets and liabilities (including revenue recognition)	
Risk	Revenues from construction contracts with customers and direct costs in relation to contract assets and liabilities are recognized over time. At each reporting date management assesses the progress towards the complete satisfaction of the performance obligations taking into consideration all aspects in order to finalize the projects in line with contractual agreements. The progress towards complete satisfaction of the performance obligation over time is measured based on the actual hours incurred compared with the total estimated hours needed to complete the project. As circumstances and related significant assumptions by management change over time, fluctuations in the expected project result may occur. Revenue recognition requires management to make a number of estimates and assumptions surrounding e.g. total estimated hours and costs to complete the project, variable considerations for potential liquidated damages and (any) claims / contingencies. We considered the potential risk of management override of controls and we presume that there are risks of fraud in revenue recognition. The valuation of contract assets and liabilities (including revenue recognition) is therefore considered to be a key audit matter. Reference is made to Note 3, 6 and 19 of the consolidated financial statements for the significant accounting policies and disclosures on revenue recognition.
Our audit approach	Our audit procedures included, amongst others, evaluating the appropriateness of the company’s accounting policies related to the valuation of contract assets and liabilities including revenue recognition according to IFRS 15 “Revenue from contracts with customers” and whether the accounting policies have been applied consistently or whether changes, if any, are appropriate in the circumstances. In addition, we evaluated the design and implementation of internal controls related to the completeness, accuracy and timing of the revenue recognized. Furthermore, to assess that management estimates and assumptions are within a reasonable range, our audit procedures include inspecting contractual arrangements and reconciling total contract revenues to signed contracts, challenging management’s estimates of total expected hours, costs to complete the project, and the assessment of potential variable considerations for liquidated damages. We performed physical observations at the production sites as per year-end to observe the progress towards the complete satisfaction of the performance obligation. We performed procedures on management’s assessment of expected profitability or losses on the projects and any claims/contingencies. 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 support the actual results of significant estimates. We obtained audit evidence from events occurring up to the date of the auditor’s report to determine whether any events require adjustment to the financial statements. We evaluated the adequacy of the Company’s disclosures related to revenue recognition and accounting estimates, particularly whether disclosures adequately convey significant judgments and the degree of estimation uncertainty.
Key observations	We consider that the management’s estimates and assumptions used in revenue recognition for the valuation of contract assets and liabilities are within an acceptable range.

Report on other information included in the annual report

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

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

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

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

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

Report on other legal and regulatory requirements and ESEF

Engagement

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

No prohibited non-audit services

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

European Single Electronic Reporting Format (ESEF)

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

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

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

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

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting).

Our examination included amongst others:

> obtaining an understanding of the company's financial reporting process, including the preparation of the reporting package
> identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:

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

Description of responsibilities regarding the financial statements

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

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

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

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

Our responsibilities for the audit of the financial statements

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

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

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

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

Our audit further included among others:

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

Communication

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee of the supervisory board in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

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

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

Eindhoven, 30 March 2023

Ernst & Young Accountants LLP

J.R. Frentz

Limited assurance report of the independent auditor on Sif's selected ESG performance indicators

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

Our conclusion

We have performed a limited assurance engagement on selected ESG performance indicators in the accompanying annual report for the year 2022 of Sif Holding N.V. at Roermond.

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

The selected ESG performance indicators consist of and are included on the following pages of the annual report:

- Lost Time Injury Frequency (LTIF) (p.10)
- Carbon footprint (p.10))
- Involvement in projects that will result in installed renewable energy capacity (wind) in MW (p.10)

Basis for our conclusion

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

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

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

Reporting criteria

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

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

Consequently, the selected ESG performance indicators need to be read and understood together with the reporting criteria used.

Unassured corresponding information

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

Limitations to the scope of our assurance engagement

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

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

The references to external sources or websites are not part of our assurance engagement on the selected ESG performance indicators. We therefore do not provide assurance on this information.

Our conclusion is not modified in respect to these matters.

Responsibilities of the executive board and the supervisory board for the selected ESG performance indicators

The executive board is responsible for the preparation of the selected ESG performance indicators in accordance with the reporting criteria as included in the "Reporting criteria" section of our report.

The executive board is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting. In this context, the executive board is responsible for the identification of the intended users and the criteria being applicable for their purposes. The choices made by the executive board regarding the scope of the selected ESG performance indicators and the reporting policy are summarized in in section "Reporting criteria" of the annual report.

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

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

Our responsibilities for the assurance engagement on the selected ESG selected performance indicators

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

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

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

The procedures of our limited assurance engagement included among others:

- Performing an analysis of the external environment and obtaining an understanding of the sector, insight into relevant sustainability themes and issues, relevant laws and regulations and the characteristics of the company as far as relevant to the selected ESG performance indicators
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures on the selected ESG performance indicators. This includes the evaluation of the reasonableness of estimates made by the executive board
- Obtaining through inquiries a general understanding of internal control, reporting processes and information systems relevant to the preparation of the selected ESG performance indicators, without obtaining evidence about implementation or testing the operating effectiveness of controls

- Identifying areas of the selected ESG performance indicators with a higher risk of misleading or unbalanced information or material misstatements, whether due to error or fraud. Designing and performing further assurance procedures aimed at determining the plausibility of the selected ESG performance indicators responsive to this risk analysis. These further assurance procedures consisted amongst others of:
  - Interviewing management and relevant staff at corporate level responsible for the strategy, policy and results relating to the selected ESG performance indicators
  - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the selected ESG performance indicators
  - Obtaining assurance information that the selected ESG performance indicators reconcile with underlying records of the company
  - Reviewing, on a limited test basis, relevant internal and external documentation
  - Performing an analytical review of the data and trends
- Evaluating the consistency of the selected ESG performance indicators with the information in the annual report which is not included in the scope of our assurance engagement

Eindhoven, 30 March 2023

Ernst & Young Accountants LLP

signed by A.B.E. Laan

Reporting Criteria

Lost Time Injury Frequency (LTIF)	Sif defines its Lost Time Injury Frequency (LTIF) as the number of Sif's permanent and flexible employees involved in reported injuries leading to absence from work (more than 1 lost working day, excluding the day of the injury) per million exposure hours. Reportable injuries are based on actual occurrences and are never extrapolated or estimated. Despite all measures and an open safety culture there is an inherent risk of incomplete accident reporting. Sif is partially dependent on information provided by the person involved in an accident. The exposure hours are registered actual hours in our system. The LTIF KPI refers to all reported cases.
CO2 footprint	Sif reports its greenhouse emissions as CO2 equivalent, considering other greenhouse gasses than CO2. Sif calculates CO2 emissions using conversion factors from CO2emissiefactoren.nl. Sif uses well-to-wheel emission factors. All conversion factors are reviewed annually and updated if necessary. Sif's reporting scope includes its direct CO2 emissions (scope 1 emissions, from Sif's own sources), indirect CO2 emissions from the generation of purchased electricity consumed by Sif (scope 2 emissions) and other emissions related to activities not owned or controlled by Sif (scope 3 emissions) for employee travel. Activity data, mostly based on meter readings, invoices and data provided by suppliers, are used to calculate Sif's footprint. Where complete and accurate data are not available, Sif uses calculations or estimates using reliable methods and input data. The CO2 emission from electricity consumption (scope 2) is compensated by the Certificates of Origin as generated by the Wind Turbine Generator on Sif's premises, supplemented with additional purchased Certificates of Origin if necessary. Sif owns the related Guarantees of Origin.

Participation in projects that will result in installed renewable energy capacity	Sif reports its participation in projects that will result in installed renewable energy capacity in number of megawatts (MW) of wind turbine generator capacity that will be installed on a monopile completed by Sif. Sif measures complete monopiles by the number of monopiles with a completion certificate after production. The future installed renewable energy capacity per monopile is the estimated capacity of the wind turbine generator that will be installed on the respective monopile in MW. This estimated capacity is determined by the nameplate capacity (in intended full-load sustained output) of the respective wind farm and actual capacity may deviate from this.

Definition and Explanation of use of non-IFRS financial measures

(a) Contribution	Total revenue from contracts with customers minus raw materials, subcontracted work and other external charges and logistic and other project-related expenses. 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.

(b) EBITDA (c) EBITDA (ex IFRS 16) (d) Adjusted EBITDA (e) Adjusted EBITDA (ex IFRS 16)	Earnings before net finance costs, tax, depreciation and amortization. The company discloses EBITDA and Adjusted EBITDA (both including and excluding the effect of IFRS 16) 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. The company also uses EBITDA and Adjusted EBITDA as key financial measures to assess operational performance. Adjusted EBITDA is adjusted for expenses that relate to the research into and preparations for the required adjustment and expansion of our production facilities. Both measures excluding IFRS 16 are provided to be able to be compared with non-IFRS reporting Companies, as the IFRS 16 impact on EBITDA is significant for Sif. (Adjusted) EBITDA is adjusted for expenses of lease contracts other than 'short-term leases' and 'low-value leases' and the impact of the difference in accounting treatment of lease incentives between IFRS 16 and the former lease standard IAS 17.

(f) EBIT (f) Adjusted EBIT	Operating result plus other income. Adjusted EBIT is adjusted for expenses that relate to the research into and preparations for the required adjustment and expansion of our production facilities. EBIT is an important KPI since it mitigates the effect depreciation and amortization has on EBITA. Together with production in Kton and contribution it indicates the quality of Sif's performance in any reporting period.

(g) Net debt (h) Net debt (ex IFRS 16)	Loans and borrowings minus cash and cash equivalents. Net debt is presented to express the financial strength of the Company. The Company understands that analysts, rating agencies and investors use this measure in assessing the company's performance. Net debt (ex IFRS 16) is presented to be compared with non-IFRS reporting Companies, as the IFRS 16 impact on loans and borrowings is significant for Sif.

(i) Net working capital	Inventories plus contract assets plus trade receivables plus current prepayments minus trade payables and contract liabilities) The company discloses net 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. Net working capital is broadly analysed 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.

(j) ROACE (k) ROACE (adjusted)	Return on average capital employed, EBIT as a % of average equity plus loans and borrowings excluding lease-commitments minus cash. In the adjusted measure all values are adjusted for the effects that relate to the research into and preparations for the required adjustment and expansion of our production facilities. The company discloses the measure 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 measure is therefore also included in the performance targets of management.

(l) Solvency (m) Solvency (ex IFRS 16)	Total Equity/Total assets This measure (ex IFRS 16) is a bank covenant, and is presented to express the financial strength of the Company.

(n) Total debt / EBITDA (ex IFRS 16)	Total debt (loans and borrowings excluding lease liabilities) devided by EBITDA (ex IFRS 16) This measure is a bank covenant, and is presented to express the financial strength of the Company.

Reconciliation of non-IFRS financial measures

AMOUNTS IN EUR '000	2022	2021	Reference to consolidated financial statements
(a) Calculation of contribution			
Total revenue	374,543	422,541	Consolidated statement of profit and loss, note 6
Raw materials	(191,674)	(160,311)	Consolidated statement of profit and loss
Subcontracted work and other external charges	(36,561)	(126,090)	Consolidated statement of profit and loss
Logistic and other project related expenses	(15,797)	(21,910)	Consolidated statement of profit and loss
Contribution	130,511	114,230	
(b) Reconciliation operating profit to EBITDA			
Operating profit	12,110	16,004	Consolidated statement of profit and loss
- Other income	90	1,345	Consolidated statement of profit and loss
- Depreciation and amortization	24,226	21,712	Consolidated statement of profit and loss, note 14,15,31
EBITDA	36,426	39,061	
(c) Reconciliation of EBITDA to EBITDA ex IFRS 16			
EBITDA	36,426	39,061	(b)
- Expenses of lease contracts other than 'short-term leases' and 'low-value leases'	(8,544)	(5,658)	
- Initial direct costs	(2,160)	-	
- Expenses of lease contracts other than 'short-term leases' and 'low value leases' accounted for as project costs based on progress	(3,646)	-	
- Net impact of the difference in accounting treatment of lease incentives between IFRS 16 and the former lease standard IAS 17	45	71	
EBITDA (ex IFRS 16)	22,121	33,474	
(d) Reconciliation of EBITDA to Adjusted EBITDA			
EBITDA	36,426	39,061	(b)
- Expenses that relate to the research into and preparations for the required adjustment and expansion of our production facilities and business acquisitions	5,366	373	
Adjusted EBITDA (€ '000)	41,792	39,434	

AMOUNTS IN EUR '000	2022	2021	Reference to consolidated financial statements
(e) Reconciliation of EBITDA (ex IFRS 16) to Adjusted EBITDA (ex IFRS 16)			
EBITDA (ex IFRS 16)	22,121	33,474	(c)
- Expenses that relate to the research into and preparations for the required adjustment and expansion of our production facilities and business acquisitions	5,366	373	
Adjusted EBITDA (ex IFRS 16)	27,487	33,847	
(f) Reconciliation of operating profit to EBIT to adjusted EBIT			
Operating profit	12,110	16,004	Consolidated statement of profit and loss
- Other income	90	1,345	
EBIT	12,200	17,349	
- Expenses that relate to the research into and preparations for the required adjustment and expansion of our production facilities and business acquisitions	5,366	373	
Adjusted EBIT	17,566	17,722	
(g) Calculation of Net debt			
Lease liabilities - non-current	99,006	100,573	Consolidated statement of financial position, note 24, 31
Lease liabilities - current	8,392	5,110	Consolidated statement of financial position, note 24, 31
Cash and cash equivalents	(89,832)	(73,201)	Consolidated statement of financial position, note 21
Net debt	17,566	32,482	
(h) Reconciliation of Net debt to Net debt (ex IFRS 16)			
Net debt	17,566	32,482	(g)
Lease liabilities - non-current	(99,006)	(100,573)	Consolidated statement of financial position, note 24, 31
Lease liabilities - current	(8,392)	(5,110)	Consolidated statement of financial position, note 24, 31
Net debt (ex IFRS 16)	(89,832)	(73,201)	
(i) Calculation of Net working capital			
Inventories	427	612	Consolidated statement of financial position, note 18
Contract assets	18,315	12,944	Consolidated statement of financial position, note 19
Trade receivables	22,463	17,927	Consolidated statement of financial position, note 20
Prepayments	2,102	2,472	Consolidated statement of financial position
Trade payables	(92,333)	(62,082)	Consolidated statement of financial position
Contract liabilities	(32,458)	(37,713)	Consolidated statement of financial position, note 19
Net working capital	(81,484)	(65,840)	

AMOUNTS IN EUR '000	2022 Average	Q1	Q2	Q3	Q4	Reference to consolidated financial statements
(j) Calculation of ROACE - EBIT / Average capital employed						
Total equity	104,152	105,183	102,993	102,668	105,764	Consolidated statement of financial position
Cash and cash equivalents	(61,077)	(35,731)	(57,569)	(61,175)	(89,832)	Consolidated statement of financial position, note 21
Loans and borrowings (excl lease liabilities)	-	-	-	-	-	Consolidated statement of financial position, note 24
Capital employed	43,075	69,452	45,424	41,493	15,932	
EBIT	12,200					(f)
ROACE	28.3%					

AMOUNTS IN EUR '000	2021 Average	Q1	Q2	Q3	Q4	Reference to consolidated financial statements
Total equity	98,633	96,387	98,429	97,441	102,276	Consolidated statement of financial position
Cash and cash equivalents	(58,495)	(36,670)	(61,710)	(62,398)	(73,201)	Consolidated statement of financial position, note 21
Loans and borrowings (excl lease liabilities)	-	-	-	-	-	Consolidated statement of financial position, note 24
Capital employed	40,138	59,717	36,719	35,043	29,075	
EBIT	17,349					(f)
ROACE	43.2%					

AMOUNTS IN EUR '000	2022 Average	Q1	Q2	Q3	Q4	Reference to consolidated financial statements
(k) Calculation of ROACE (adjusted) - EBIT (adjusted) / Average capital employed (adjusted)						
Total equity	104,152	105,183	102,993	102,668	105,764	Consolidated statement of financial position
- Expenses that relate to the research into and preparations for the required adjustment and expansion of our production facilities and business acquisitions	2,895	773	1,991	3,449	5,366	
Total equity (adjusted)	107,047	105,956	104,984	106,117	111,130	
Cash and cash equivalents	(61,077)	(35,731)	(57,569)	(61,175)	(89,832)	Consolidated statement of financial position, note 21
- Cash-out related to expenses that relate to the research into and preparations for the required adjustment and expansion of our production facilities and business acquisitions	(5,659)	(215)	(3,063)	(5,657)	(13,699)	
Cash and cash equivalents (adjusted)	(66,736)	(35,946)	(60,632)	(66,832)	(103,531)	
Loans and borrowings (excl lease liabilities)	-	-	-	-	-	Consolidated statement of financial position, note 24
Capital employed (adjusted)	40,311	70,010	44,352	39,285	7,599	
EBIT	12,200					(f)
- Expenses that relate to the research into and preparations for the required adjustment and expansion of our production facilities and business acquisitions	5,366					
EBIT (adjusted)	17,566					
ROACE (adjusted)	43.6%					

AMOUNTS IN EUR '000	2021 Average	Q1	Q2	Q3	Q4	Reference to consolidated financial statements
(k) Calculation of ROACE (adjusted) - EBIT (adjusted) / Average capital employed (adjusted)						
Total equity	98,633	96,387	98,429	97,441	102,276	Consolidated statement of financial position
- Expenses that relate to the research into and preparations for the required adjustment and expansion of our production facilities and business acquisitions	440	337	493	556	373	
Total equity (adjusted)	99,073	96,724	98,922	97,997	102,649	
Cash and cash equivalents	(58,495)	(36,670)	(61,710)	(62,398)	(73,201)	Consolidated statement of financial position, note 21
- Cash-out related to expenses that relate to the research into and preparations for the required adjustment and expansion of our production facilities and business acquisitions	(2,093)	(1,605)	(1,933)	(1,996)	(2,836)	
Cash and cash equivalents (adjusted)	(60,588)	(38,275)	(63,643)	(64,394)	(76,037)	
Loans and borrowings (excl lease liabilities)	-	-	-	-	-	Consolidated statement of financial position, note 24
Capital employed (adjusted)	38,485	58,449	35,279	33,603	26,612	
EBIT	17,349					(f)
- Expenses that relate to the research into and preparations for the required adjustment and expansion of our production facilities and business acquisitions	373					
EBIT (adjusted)	17,722					
ROACE (adjusted)	46.0%					

AMOUNTS IN EUR '000	2022	2021	Reference to consolidated financial statements
(l) Calculation of Solvency - total equity / total assets			
Total equity	105,764	103,097	
Total assets	357,303	321,181	
Solvency	29.6%	32.1%	
(m) Calculation of Solvency (ex IFRS 16) - total equity (ex IFRS 16) / total assets (ex IFRS 16)			
Total equity	105,764	103,097	Consolidated statement of financial position
- Right-of-use assets	104,466	104,598	Consolidated statement of financial position, note 24, 31
- Lease liabilities - non-current	(99,006)	(100,573)	Consolidated statement of financial position, note 24, 31
- Lease liabilities - current	(8,392)	(5,110)	Consolidated statement of financial position, note 24, 31
- Lease incentives capitalised on the balance sheet	2,200	2,173	
- Expenses of lease contracts other than 'short-term leases' and 'low value leases' accounted for as project costs based on progress	3,646	-	
- (Deferred tax) on above items	(896)	(272)	
Total equity (ex IFRS 16)	107,782	103,913	
Total assets	357,303	321,181	Consolidated statement of financial position
- Right-of-use assets	(104,466)	(104,598)	Consolidated statement of financial position, note 31
- Initial direct costs operational lease contracts	540	2,095	Note 31
- Expenses of lease contracts other than 'short-term leases' and 'low value leases' accounted for as project costs based on progress	3,646	-	
- Deferred tax asset on Right-of-use assets and lease liabilities	(896)	(797)	
Total assets (ex IFRS 16)	256,127	217,881	
Solvency (ex IFRS 16)	42.1%	47.7%	
(n) Calculation of Total debt / EBITDA (ex IFRS 16)			
Total debt	107,398	105,683	Consolidated statement of financial position, note 24
Lease liabilities - non-current	(99,006)	(100,573)	Consolidated statement of financial position, note 24, 31
Lease liabilities - current	(8,392)	(5,110)	Consolidated statement of financial position, note 24, 31
Total debt ex lease liabilities	-	-	
EBITDA (ex IFRS 16)	22,121	33,474	(d)
Total debt / EBITDA (ex IFRS 16)	-	-	

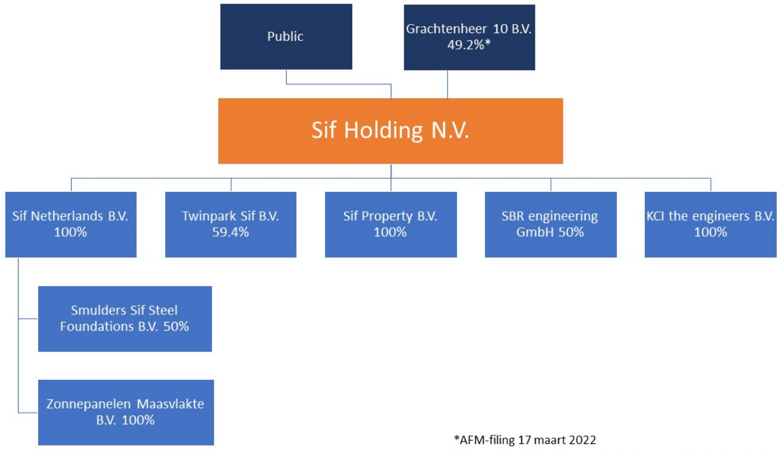
Glossary

EPIC	Engineering procurement installation and commissioning: A contract form including the engineering, the procurement, installation and commissioning of a building or other form of construction.
Executive Board	Board of Executive Directors responsible for the day-to-day business at Sif. In 2021 comprised of CEO and CFO.
IEA	International energy agency.
Kton/ton	(kilo)ton: A weight measurement used in the steel industry. One (kilo)ton equals one million/ thousand kilograms.
LCOE	Levelized costs of energy.
LTI	Lost Time Injury. Incident resulting in Lost Time including possibly required medical treatment.
LTIF	Lost Time Injury Frequency.
Orderbook	The total signed contracts and contracts under exclusive negotiations.
Production capacity	The capacity of the plants operated by Sif Group: The theoretical capacity is 300 kton for the combined Maasvlakte 2 and Roermond plants. Actual capacity is between 80 and 90% of theoretical maximum capacity.
RWI	Restricted Work Injury. Incident without Lost Time that required modified work, including possibly required medical treatment
Sif Group	The group of companies that establish the Sif Group: Also referred to as ‘Company’ or ‘Sif.’
Sif Holding N.V.	The entity whose shares are listed on the stock exchange.

Sif Group Companies

Sif has subsidiaries as reflected in the organization chart below (together referred to as "**Sif group**"). Sif Netherlands B.V. (the Netherlands) manufactures and trades pipes, pipe structures, and components for offshore wind farms. Twinpark Sif B.V. (the Netherlands) and Sif Property B.V. (the Netherlands) are financial holdings. Twinpark is a joint venture with Pondera Consult and GE Renewable Energy to test and, in a later stage, exploit a 12 MW wind turbine on Sif's premises at Maasvlakte 2. Sif Property is the owner of Sif's real estate property. KCI the Engineers B.V. (the Netherlands) operates a consulting engineering firm in shipbuilding and industry. Zonnepanelen Maasvlakte B.V. (the Netherlands) invests in renewable energy, in particular, but not limited to, investing and operating in solar panels. Sif has a 50% interest in SBR Engineering GmbH (Germany) and Smulders Sif Steel Foundations B.V., a joint venture focusing on project management in the offshore- wind industry. Sif Japan K.K. is liquidated on 26 August 2022.

SIF GROUP LEGAL ORGANIZATION STRUCTURE



*AFM-filing 17 maart 2022
**according to Egeria reported to trade register but not yet updated

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