



**Sif**

# **Annual General Meeting of Shareholders Sif Holding NV**

Wednesday, 12th May 2021

## Annual General Meeting of Shareholders Sif Holding NV

**Peter Gerretse:** Good morning everyone, and welcome to this annual general meeting of shareholders of Sif Holding NV. I am Peter Gerretse, and I will be chairing this meeting. André Goedée who is the chairman of our supervisory board cannot be physically present at this meeting due to COVID related travel restrictions.

Since the COVID pandemic is not yet under control, we are holding a virtual meeting to protect our and your health. Alongside myself, this meeting is physically attended by the CEO of Sif Holding NV, Fred Van Beers; and the CFO, Leon Verweij.

The Secretary, Fons van Lith, and nominated executive board member, Ben Meijer are in a room next to us. Auditor René Frenz on behalf of EY and supervisory board members André Goedée, Peter Wit, Caroline van den Bosch, and Peter Visser are with us through a video conference connection.

I shall be chairing this meeting in accordance with Article 26 of the Articles of Association of Sif NV. And I hereby request Fons van Lith to act as secretary of this meeting and take minutes of the proceedings and the resolutions adopted at the meeting.

For the purpose of an orderly meeting, I hereby inform you that the meeting was announced by means of a publication posted on the Sif website on the 31<sup>st</sup> March 2021. All those entitled to attend the meeting were invited and encouraged to vote by proxy, raise questions prior to the meeting, and to follow the meeting via video webcast.

As I am also the chairman of the remuneration committee, I will give an explanation of Agenda item 3D, the remuneration report. A total of 25,501,356 shares were outstanding on the date of the convocation of this meeting, the same number as today's date.

All these shares are listed shares. 20,259,092 votes have been cast by proxy via the ABN AMRO securities portal, equivalent to 79.44% of the total outstanding share capital. We will state the number of votes cast on each agenda item, together with the numbers of votes in favour or against, and the number of abstentions.

There will be an opportunity for questions and answers on each agenda item. We will first answer the questions that have been posted in advance of this meeting. And subsequently, we will invite live attendees for further questions.

Once the question-and-answer session has been completed, I shall assess whether the agenda item has been adopted or not. For the record, I wish to emphasise that the meeting will vote and decide on all agenda items on the basis of the agenda item, and the explanation of the item included in the notice convening the meeting, which has been posted on the company's website.

These documents are guiding for the content and the purport of the resolution put to the vote. As stated above, this meeting is being broadcast via audio webcast. And a transcript of this meeting will be available on the company website within 72 hours after the close of this meeting.

We will endeavour to publish the minutes of the meeting on the Sif website within four weeks of today. The decisions reached during the meeting will be communicated immediately after the close of the meeting in a press release and an announcement on the Sif Holding website.

We can now move on to item two on today's agenda,

**announcements.** Sif Holding NV published a trading update on the first quarter of 2021 this morning. You may have already seen this. The update has also been posted on the Sif website.

The CEO, Fred van Beers; and the CFO, Leon Verweij, will give a brief explanation of the quarterly one update in the presentation, under item three of the agenda. The slides used by Fred and Leon will be posted on the Sif website shortly after the close of the meeting.

We will now move on to item three on the agenda, the annual report and the financial statements of 2020. The executive board presentation, the supervisory board report, and the corporate governance reports will be dealt with jointly.

The annual report of 2020 of which the financial statements 2020 are part, was published on the Sif website on the 12<sup>th</sup> of March 2021, and made available for inspection at the office of Sif Holding, Roermond, on the same date. The CEO, Fred and the CFO, Leon will take you through the highlights of 2020.

The financial impact of these on the statement of profit and loss, and the statement of financial position will be discussed later, when you are asked to adopt the financial statements in 2020. Fred and Leon will also give an explanation of developments in the first month of 2021.

And there will be then time for questions. The report of the supervisory board, and the corporate governance report will be addressed, although this will not be voted on. And I now hand over to Fred and Leon for the management presentation.

**Fred Van Beers:** Thank you, Peter. In this presentation, I will talk about our strategy and our performance in 2020. And I will end with some remarks on the progress we made in Q1 of this calendar year. Our CFO, Leon will join me in explaining how it all works out in our numbers. And he will briefly touch upon the financial impact of COVID-19 on our business.

Let me start with a brief explanation of the impact of COVID on our people, and how we try to prevent distribution of the virus amongst our employees and business partners. Most important is that our employees and business partners stay safe and healthy. So far, we have managed to safeguard this. The crisis team at Sif under my chair regularly meets via a teams' call. And in every call, we calibrate the measures we've taken and discuss the necessity of redirections.

On the slide, you see examples of our current measures. Until now, we have not experienced any delays in supplies nor in deliveries and payments. We had to adjust our working processes which cost some inefficiencies though. Before we turn to the business and company developments, I'd like to share with you our updated vision and mission.

In the process of preparing ourselves for the mid to long-term future, we took a moment to reflect why people work or want to work at Sif, what makes them believe in a future in this business, and what motivates them to contribute to the challenging changes we are encountering.

Our vision is to be able to not only contribute to, but actually accelerate the energy transition, and the belief that we will do this by becoming a total solution provider based on our

commitment to the environment and employee's wellbeing are the key cornerstones for Sif and its cultural development programme we have initiated this year.

As people are a key asset, we strongly believe that successful change can only be accomplished with motivated people that believe and live up to our core values, teamwork, ownership, and focus on mutually agreed results.

Talking about the business, we clearly see a growing demand for bigger monopiles. This picture reflects the developments in our industry. This industry in itself is only close to 20 years old and developed drastically. At this moment, our order book extends well into 2023, and includes projects for turbines up to 13 megawatt.

13 megawatts to 15 megawatt turbines are envisioned to become the standard for the period post 2023. This is potentially a significant implication on the size of foundations. Diameters could go up to 11 metres. The weight could go up to 2500 tonnes per monopile. Producing one such monopile a week is doable, but this will not be sufficient to meet potential future demand, and deliver a 80 to 100 monopile wind farm in a decent period of time. The effect of monopiles above 9 to 11 metres diameter on production technology and processes that facilitate delivery of a decent volume is substantial.

We have executed an extensive impact study into the possibly required changes in the production technology and production process with the help of external production process and technology experts. The results are now being analysed internally. And we expect to share the outcome of this later this year.

What has become clear though is that if indeed 13 to 15 megawatt becomes the standard that first of all production technology and processes will require adjustments, including a high level of innovative logistic, rolling, and welding methods as well as innovative and automated process technology.

Secondly, prices of monopiles should increase to reflect a healthy return on investments in these new production technologies and processes. Thereby a natural limit is set by the price levels of alternative solutions to monopiles.

Basis for our study is a strong UK and European offshore wind market with countries like the Netherlands, Denmark, Germany or Poland gearing up ambitions rapidly. The USA market is ramping up equally fast, and also Asia with specific countries like for example Japan and Korea is ramping up its standard pipeline.

Sif is actively following these developments and is studying various opportunities in both the US and Asia. Priority however lays with the developments in Europe, before entering into any new local development outside Europe. Together with our engineering team, KCI the engineers, we study the impact of the next generation turbines and the effect on monopiles and possible monopile alternatives.

We are also open to dialogue on the effects of the next generation turbines on the total industry with the big three turbine manufacturers as the availability of offshore foundations potentially could be the bottleneck in the ramp-up of offshore wind energy.

Furthermore, we actively contributed to the initiative to form a European offshore wind foundation association. The aim of the association is to further work on European inspection and technical standards for the production of green and cost-efficient monopile foundations.

Soon, you will read more about this offshore wind foundation association in the press and the related website. As already stated, we see an increasing demand for monopiles. As we explained at previous occasions, the increasing growth expectations of offshore wind is becoming more of a pattern. According to WindEurope, Europe added 3.6 gigawatt offshore capacity to the Grid in 2019, which equals roughly 500 turbines in ten wind farms. This brings the total installed capacity in Europe to 23 gigawatt or shortly over 5000 turbines across 12 countries.

Over the past two decades, European wind industry has matured. And this has resulted in better project controls, better planning, and less volatility in the supply chain in the traditional European markets. For the period until at least 2030, expectations remain strong with an expected grid connection of close to 100 gigawatt in the North Sea or 234 gigawatt globally.

The main market remains Europe. But the past years have demonstrated that countries like Japan, Taiwan, and the US are gradually and sometimes quickly maturing their plans or converting ambitions into projects.

Sif manufactured 2000 monopiles until 2019. Total for Europe until 2019 as I said before was a little over 5000. This gives Sif a market share of approximately 40% with a spike in 2020 when we reached 70% market share when you look at order intake. Order manufacturers includes EEW and Steelwind with market shares of close to 40% and close to 15% respectively.

EEW has very recently started construction of an assembly plant in the US. And SeAH from South Korea has announced that they plan to build a monopile manufacturing unit in the UK. In addition, Bladt from Denmark announced an investment program at a former AP Moller yard in Lindo.

And on a regular basis, other names are popping up with studies or messages should they plan to enter the markets. At Sif, we keep an active track on these developments. But in parallel, it's important to say we stay calm and stick to our own plans and strategy to react on the rapidly-changing demands and playing field.

Sif's main market is the European offshore wind market. In 2020, we worked on six projects. The Borssele and Triton Knoll contracts were already awarded to Sif in the 2017 to 2019 timeframe. During 2019, we closed Hollandse Kust Zuid 1-4 with Vattenfall.

And early 2020, we closed Akita-Noshiro. During 2020, we closed Dogger Bank A and B. And by the end of 2020, Hollandse Kust Noord was closed with Van Oord. In total, we added roughly 300 monopiles and 225 transition pieces to our order book.

An important step in our strategy was realised by the recent acquisition of KCI the engineers. KCI is supportive to our ambition to be early involved in the design process. During 2020, we further developed our Skybox concept which has optimised the TP less foundation installation time and cost.

The delay and subsequent removal of the Vineyard Wind project from our order book initially left us with a production gap in the first months of 2020. We had to demonstrate a flexibility and market awareness and partly replace the vacant production capacity with the newly won Akita-Noshiro project, our first project for the Japanese market.

And by pulling forward the French Saint Nazaire project. This brought our production output to 78 kilotonnes for the first half of 2020. And in hindsight, that was quite an achievement when considering the COVID-19 outbreak in the same period of time.

On the picture by the way, you see the transport and arrival of the monopiles and transition pieces in Japan for the Akita-Noshiro project. Tender activity was high in 2020 with wins of two contracts for Dogger Bank A and B, and Hollandse Kust Noord, we added approximately 330 kilotonnes to our order book that now extends into – well into 2023.

And also going forward tender activity is high to the extent that we reached a point in the market where demand clearly exceeds supply. At the same time, we are facing a decade with demand for larger diameter products from 2024 deliveries onward.

The majority of foundations will be larger than 9 meters diameter and closer to or even exceeding the 100-meter length. Even when engineering at the tightest tolerances for wall thickness, the weight of individual monopiles enters the 1500 up to 2500 tonnes range.

As earlier explained, the impact of this market development is big on our industry. Thanks though to a healthy order book up to well into 2023, we are able to thoroughly prepare ourselves for this new phase. Looking at the results for 2020, we prefer to first talk about social results.

The impact of the outbreak of the COVID-19 pandemic at the start of the year on our employees and their families was big as it was for the employees of our customers and partner suppliers. COVID came with a lot of uncertainty. And this is also reflected in the absence rates from mainly the second quarter of 2020.

We immediately activated a COVID crisis team and issued an – issued instructions for traveling, work from home, and work methods at the office. People with symptoms of the disease were sent home to prevent contamination on the work floor.

This led to a high absence numbers of around 10% in April and May 2020. The average sickness leave of 5.5% for the full year though is exactly on target as it was set at the end of 2019. The year ended with a total output of 164 kilotonnes which was 6 kilotonnes behind on the 170 kilotonnes that we initially guided for.

Another KPI at Sif is the number and severity of incidents or near incidents. We used total recordable injuries per million man hours worked, the TRIF KPI, to measure our overall safety performance. In 2020, TRIF was 9.9 which is a significant improvement compared to 2019, and below the maximum set TRIF of 13 for 2020.

Being active in the market for renewable energy and in line with our vision, our ambition is to become CO2 neutral in our end-to-end manufacturing process. The CO2 we expel is mainly related to our primary manufacturing process and is categorised as a Scope 1 emission which relates to fuel consumption for heating, machinery, and internal transportation. And also includes shipping, transport from our suppliers to Sif and from Roermond to the Maasvlakte. From 2018 on, we compensated our emissions by certificates of origin, and since 2019 increasingly thanks to the Haliade turbine generating green electricity at our old site.

But our ambition is to have a through carbon dioxide neutral manufacturing process by 2040 latest. In 2021, we implement further steps into that direction by replacing gas preheating by

induction, and opening the CO2 neutral footprint dialogue with our partners for steel, flanges, and coating.

Rising on our sustainability agenda is also the decommissioning and replacement of aging offshore wind farms. The first wind farms date back to 2000 and will be amortised in five to 10 years' time.

To prepare ourselves for this future demand, Sif participates in initiatives that examine the circular replacement of foundations. With these words, I'd like to know hand over to Leon who will explain more to you how 2020 numbers have materialised.

**Leon Verweij:** Thanks, Fred. Well, let me start with some information on our employee numbers. The flexibility to adjust our expenses to our workload is mainly based on our labour costs. This can be observed in our 2018 numbers when the number of flexible workers was relatively low with 41% in production at 138 kilotonnes.

Compared to 2019 where this was 51% with a 185 kilotonnes, and in 2020 we had 45% of flexible staff with a 164 kilotonnes production. Our industry is maturing. And with the expected demand for the next decade, volatility risks are decreasing. Our production is expected to stabilise. Hence, we aim to decrease our flexible part of the workforce in favour for a more permanent base.

Turning to the next slide, I will explain how this worked out in our numbers. As you may recall, contribution is one of our main KPIs since it excludes price fluctuations on steel which we pass on, on a one-to-one basis to our clients.

Total contribution in 2020 was equal to the 2019 contribution. On a notably lower production output, this implies a contribution per tonne which was more than 12% higher than in 2019 if we correct this contribution for the income we realised from our marshalling activities.

This is a reflection of the somewhat improving pricing environment, and the fact that the contribution level in 2019 was influenced by the low margin project, Borssele 3 and 4. Combined with cost control and a better efficiency, this resulted in a more than 20% higher EBITDA compared to 2019.

Sif did not have to apply for any COVID-19 compensation from our government nor for the deferral of payments to creditors, tax authorities, banks and what have you. Bottomline earnings per share improved by almost 32% to 0.29 cents per share.

Sif proposes a dividend to the annual general meeting of shareholders of 0.12 cents per share which equals a 42% payout ratio. Our banking covenants were during 2020 widely met with a zero leverage with 2.5% of the covenant and a solvency of 50% where a 35% covenant was in place.

Post-balance sheet date, we extended the validity of our banking arrangements by two years to 2024 at unchanged conditions. Both working capital requirement and net debt were negative on balance sheet debt. And maybe needless to say, we consider negative in this case to be a positive thing.

This, however, is a snapshot and may change over time. It very much depends on the time of enforcing and payment conditions we can guarantee our clients and suppliers. Normal

working capital is targeted to be around zero. Normal net debt depends on cash flow generation of course, Capex levels, and profit attribution – appropriation.

We aim for net debt close to zero as well, and so much for the past. Looking at the future, our order book at balance sheet date with 435 kilotonnes extends into 2023. For 2021, our order book contains a 185 kilotonnes. And that is the production output we expect for the current year.

This is expected to arrive at the same level as in 2019, and approximately 13% higher than in 2020. The outlook for 2021's EBITDA is expected to finish markedly higher than 2020's EBITDA, which is more or less in line with the production increase in kilotonnes.

Now let's take a look at the update in Q1 we published this morning. With nine kilotonnes or 25% more production, we realised six million or almost 29% better contribution compared to the first quarter of last year. The relatively low production in Q1 2020 relates to the start of new projects, Saint Nazaire, and of course the Akita-Noshiro project more in particular.

Productivity and results were impacted with this, but also with higher COVID-related absenteeism due to illness and uncertainty in March 2020. Contribution margin was 616 per tonne is now in the low 600s which was already the case in the final quarter of 2020.

Production in 2021 is expected to be relatively equally spread to arrive at a markedly higher level as in 2020. EBITDA for 2021 is again expected to arrive at a markedly higher level as in 2020. Our ratios demonstrate the healthy cash position we are in. This is also reflected in the covenant ratio of zero leverage which we achieved by the end of Q1. Thank you, Fred.

**Fred Van Beers:** Thank you, Leon.

Every time we meet, expectations for offshore wind have increased. Turbines grow bigger and political ambitions around the globe translate in rapidly increasing numbers of offshore wind development projects. Leaving out China for the moment, global demand for offshore monopile foundations in kilotonnes will exceed current global supply in kilotonnes during the next years.

Our main market for the moment is the European market which is expected to grow to 112 gigawatt by 2030. And under the green deal, it has ambitions to grow to 300 gigawatt by 2050. Global offshore wind capacity is expected to sevenfold to 234 gigawatt.

Additions in 2019 was to 6.1 gigawatts. This was the best year in history for offshore wind with Europe adding 3.6. It's obvious that the entire supply chain is facing challenges to follow the pace of the industry. Later this year, we expect to unfold more on our plans how to react on this expected increase in demand for offshore wind foundations.

The results so far have proven us that actually executing a decent study in detail and by involving external support does pay off. It has boosted our confidence that Sif will have a plan to be ready for the next phase. In our plans, we will also include a view on the production of smaller tubulars, like pin piles and structural legs for offshore jackets and platforms.

The fact that monopile production will require a substantial bigger production footprint, and the fact that oil and gas business has come to a grinding halt with no hope given signals of recovery soon does validate a review of our smaller tubular production capacity.

In parallel to all these fundamental changes in strategic developments, we shouldn't forget that we have to execute on our 185 kilotonnes 2021 order book, and deliver the products to our customers in time, in budget, in quality. Finally, I'd like to end where I started.

Our mission is to be recognised by our customers as the best monopile solution provider through innovation, engineering, and excellent manufacturing with a commitment to the environment, and our employees' wellbeing. A big thank you to all colleagues that helped build Sif to where it stands today, and who are relentlessly working on the future of tomorrow.

A word of thanks as well to you, our shareholders for the trust in Sif, and our journey that isn't always easy. Then a word of thanks to the members of the supervisory board for their constructive support to and challenging off the management.

And finally, a word of thanks to my colleague, Leon who has played a major role in helping Sif through challenging years, and whose term today comes to an end. And I am extremely happy, Leon that we have agreed on a long-term advisory role which will help me, and you, and your proposed successor, Ben to further develop this beautiful company. Thank you.

**Leon Verweij:** Thank you.

## Questions and Answers

**Peter Gerretse:** Okay, Fred, Leon, thank you very much. Sorry. We are now ready to answer questions on this presentation. And first, we will answer the questions that we received ahead of this meeting. And the first question is from the VEB.

I'll state the question. Sif states in its annual report that Sif expected in the spring of 2021 to present the results and the conclusion of the impact study. Can Sif explain the progress of the study and indicate when the study will be completed?

And I will answer this question because Fred Van Beers just explained the status of the study. And the plan is to share the findings with the market later this year. For the next six questions also from the VEB, I will state the question. And I'll ask Fred to give an answer. The second question from the VEB, the monopile industry is facing radical changes. The impact study currently being carried out by Sif in that context should reveal how Sif will act on these changes. Is it a conceivable conclusion that consolidation is necessary within the sector because of the required investments?

**Fred Van Beers:** Okay. Well, basically, and that's part of the study, we do not exclude any option. Also, this one is of course not excluded and is also studied. We do however also know that there are a limited number of competitors, EEW being equally big more or less of Sif, then followed by Steelwind and Blatt. But yes we keep that option like many other options open.

**Peter Gerretse:** Okay, thank you. I'll go on to the third question from the VEB. Sif indicates that there is expected demand for approximately 10,000 monopiles into 2030. Does Sif have sufficient production capacity to meet that substantial demand?

**Fred Van Beers:** A clear answer is: No, we have not enough capacity for that. And that's exactly why we have started this study, and take our time for that because we want to keep our fair share of the business.

**Peter Gerretse:** The next question, the acquisition – also from the VEB by the way. The acquisition of KCI the engineers was recently completed. In addition to the technical design of monopiles, KCI is also active in other types of services to third parties.

Does Sif not expect negative consequences because customers of KCI will be more reluctant to award orders to KCI now that Sif has become the new owner?

**Fred Van Beers:** Extremely good question, and this was one of the main questions we wanted to have answered during the due diligence because indeed, if you're active in this business and you lose your independency, that could be the effect. But in real terms, we actually see the opposite happening that we get more requests now within KCI the engineers for engineering jobs.

And that mainly has to do with the fact that the majority of former customers or still customers from KCI has no interference with our Sif business.

**Peter Gerretse:** Question number five from the VEB. In 2020, Marshalling's turnover was €6.7 million. In 2019, Sif said it expected double-digit million euro annual revenues within a period of two to three years. Is the current turnover development in line with expectations? And what are the prospects for this activity?

**Fred Van Beers:** Well, we always want more of course. But yes, it is in line with the plan. And for example, the project that we will start executing later this year, what is it Leon, December, November.

**Leon Verweij:** Last quarter.

**Fred Van Beers:** Last quarter, will add to this step change that we – and to the plan that we aim for to land into double-digit sales numbers.

**Leon Verweij:** And it's only fair to say that this is the first real big marshalling job we acquired.

**Peter Gerretse:** Okay, thank you. Let me go to number – question number six from the VEB. What could be reasons for Sif to set up a sales office or production location in the United States just like its sector colleague EEW?

**Fred Van Beers:** There has to be a business logic to do that. So, from a customer perspective, to be close to your customer, or from a cost perspective since when local production is the better option or from local content option, then these are all possible reasons why we would or should do that. As said before, we are following those markets very closely. What we see now is that we believe that for the coming years, the majority of products will anyhow come from Europe. So, we will be – we'll carefully balance investing in local site versus delivering from Europe in our analysis.

**Peter Gerretse:** And then the next and the last question from the VEB. Last year Sif opened its sales office in Japan. Can Sif continue to produce from the Netherlands for future orders from Japan or other Asian countries, or will its own local production location be necessary in the long term?

**Fred Van Beers:** The keywords here are stability and a sufficiently long order pipeline. I mean the distance to Asia is more or less threefold the distance to the US. So in the longer

run, you definitely need to have something locally, but again the business case has to fly. The stability has to be there. And we're not there yet we believe.

**Peter Gerretse:** Okay, I'm looking if there are any other further questions. And I don't see any questions coming in. Then I now propose that the report of the supervisory board and the corporate governance reports be addressed jointly. These are enclosed in the annual report of Sif on the pages 66 to 70 concerning governance, and 27 to 33 report of the supervisory board.

The content includes a list of the points of the corporate governance code from which Sif diverges. I'm pleased to now offer you the opportunity to ask further questions you may have on the report of the supervisory board and the corporate governance reports.

And I do not see any questions coming in. So, we can now move on to item 3D of the agenda, the remuneration report. This is a decision-making item and you are requested to cast an advisory note – vote. The remuneration report 2020 is included in the annual report 2020. It's subject to all of these reports and was published on the 12<sup>th</sup> March 2021. The remuneration report explains among others how the remuneration complies with the remuneration policy that was approved by last year's annual general meeting of shareholders.

It explains how it contributes to the long-term performance of the company, and how financial and non-financial criteria were applied. Following last year discussions, we have decided to present certain information differently as compared to previous years. This more specifically applies to the summary of the executive board remuneration as presented on page 34 of the annual report. You can see this on the screen. The summary shows the total remuneration cost as included in the P&L statement as well as the actually paid out bonus amount.

The difference is explained with the difference in timing between the actual accounting and actual payout on the basis of the approved accounts. As you can see on the next slide, the bonus for 2020 for the CEO was approximately 192,000 or about 50% of basic salary; and for the CFO, 117,000, approximately or 41% of basic salary.

Important to mention here I think is that the recent peer group analysis shows that Sif remuneration is at the median of the market. We are ready to answer some questions here. And the first question that we received ahead of this meeting is from the VEB.

The question is: can the supervisory board explain how board directors scored compared to the predetermined target level on each of the five distinct criteria for the STI? My answer is that the annual report indicates on page 35 which targets for 2020 applied to the CEO and CFO, and how Sif scored on this. The financial KPIs determine the STI for 60%, and the non-financials for 40%. We think this is an appropriate level of detail for now, but we will consider further detailing next year.

Before we go to other questions, I think the VEB requested me to quote their explanation of their vote which I will do. So, I cite the VEB. The VEB is of the opinion that the remuneration report of Sif shareholders provides insufficient insight into the performance achieved and ambition level of the remuneration policy. For example, it cannot be deduced how the final score on the applicable performance targets relates to the pre-determined targets.

The VEB calls on Sif to provide additional information on the implementation of the remuneration policy from the 2021 remuneration report in order to better align with the shareholder directive and associated guidelines. VEB has cast its vote against the remuneration report.

And as said before, we look for next year how we can further detail the information in the annual reports. So, point taken I would say. Any other questions? I do not see any other questions coming in. And then I refer to the voting resolutions on the remuneration report, 2020 on the slide that is now displayed.

And I conclude that this resolution is adopted. The voting results will be reported in the minutes of the meeting. And the remuneration report will be published on the Sif website as a separate document after close of this meeting. We will now move on to agenda item 3E, the discussion of the financial statements 2020.

These statements are part of the annual report 2020. And this was published on the 12<sup>th</sup> March 2021 including an unqualified opinion issued by the company's auditor. The auditor is present in the meeting by video conference, and can answer any question from shareholders when I invite him to do so.

And the CFO Leon prepared of course the financial statements. The auditor will begin by giving a short presentation on the financial audit of Sif. But before I pass the microphone to the auditor, I wish to state that

first the company has cancelled the obligation of EY to observe confidentiality for the purpose of this AGM.

And secondly, the auditor has the obligation to correct any material incorrect statements and/or announcements in relation to the financial statements or the independent auditor's reports. EY will be asked to correct any material misstatement during the AGM and/or before the minutes of the meeting are distributed.

And thirdly, EY will discuss the audit process and procedures in relation to the financial statements. And the management board will discuss the annual report, financial statements, and the most relevant methods as enclosed in the report to the board of the EY. And with this, I'd like to give the report to the auditor of EY, René Frentz.

**René Frentz:** Yes, thank you Peter and good morning to all. I would like to briefly highlight the scope of our work, the audit approach, and also our conclusions. I will also address the question of the VEB in relation to governance which was shared before the meeting.

We have been engaged to audit the 2020 financial statements. As such, we evaluate that the financial statements provide a fair view, and that all the information is consistent and meets the regulatory requirements.

In our audit approach, we start with determining all the materiality and identifying the risk of material misstatements. We discuss and agree on the approach with the audit committee at the start of our audit. Due to COVID, we were forced to perform our procedures to a greater extent remote. We have been able to visit manufacturing locations and make observations and have meetings at the Sif headquarters. Combined with traditional communication tools, no alternative procedures were required as a result of COVID.

We have been able to obtain sufficient and appropriate evidence similar to our audit in normal or non-COVID conditions. In our audit opinion, we include key audit matters which are those matters which are most significant to the audit.

Similar to last year, we report revenue recognition as key audit matter as management is required to make a number of judgments and estimates. Based on our audit, we conclude that these estimates are in an acceptable range and that the accounting policies were appropriately applied.

We have issued an unqualified auditor opinion and would like to thank Sif and its shareholders for their trust and their professional cooperation. Thank you.

**Peter Gerretse:** Okay, René thank you. Then there is time for some questions. And I don't see any questions coming in. Sorry, there's one question coming in from Hugo Roelink. In earlier communications, Sif shared expectation that the presentation of the impact study would have been completed in spring. Could the company elaborate why the study takes longer? Fred.

**Fred Van Beers:** Yes, I'll try to explain that indeed we take our time for this study. As we have communicated, we hope to publish in spring or later this year. It will be later this year because we feel it's very important to not communicate something that we have not been going through thoroughly ourselves since the impact – and the market impact is quite big. So, for that reason, we prefer to wait and come with a decent story later on.

**Peter Gerretse:** Okay, Fred. Thank you very much. I see that there are no further questions on this subject. The financial statements 2020 are included in the annual report 2020 as published on the Sif websites, and there are no further questions. Then pursuant to Article 30.5 of the company's Articles of Association, the general meeting of shareholders is now requested to adopt the financial statements. I refer to the voting results for the resolution on the adoption of the financial statement 2020 on the slide that is now displaced.

And I conclude that the resolution is adopted, and now move on to the agenda item 3F, a discussion of the profits and the dividend policy. Sif is running a project business in Europe with fluctuating working capital requirements, and predictable maintenance Capex. Sif is active in a relatively young market that is emerging in a fast pace in other parts of the world as well. With demand at least equal to present supply capacity, expected cash flow generation will be healthy for the period until at least 2023.

We can see that the size and the number of turbines is increasing. And that this will impact the specification and demand for foundation as well. To what extent and what it means to Sif also expressed in growth and Capex requirements is subject to the study Sif has undertaken since the end of 2020. And we expect as I said before to share the results of the study with stakeholders later this year.

Looking at these developments, our current net debt and anticipated cash flow generation, we consider the dividend policy we have defined when listing at Euronext in 2016 still adequate and appropriate. This dividend policy includes a payout of between 25% and 40% of net profit to shareholders.

I now open the floor for questions or remarks you may have in respect of the dividend policy. And as you have no questions, I want to finish by reminding you that this is not a voting agenda, but we will certainly take notice of further remarks.

And I move on to agenda item 3G, the appropriation of the profits, the dividend charged to results of 2020. Last year, we passed the dividend mainly in the light of the minimum result, and the uncertainty caused by the COVID pandemic outbreak.

And moving forward, we have learned to deal with effects of the pandemic. And our measures and precautions necessary to cope with the pandemic have proven to be robust. And as a result, we've been able to run our business in a pretty unhampered way.

If nothing changes drastically for the worse, the COVID outlook is gradually improving. Sif did not have to apply for governmental support nor for banking or tax facilities due to negative impacts from the pandemic. And we therefore consider it sensible to propose a dividend of 42% of net profits or €0.12 per share in cash. The ex-dividend date is the 14<sup>th</sup> May. Dividend record date is the 17<sup>th</sup> May. And a payout of dividend to financial intermediaries is the 21<sup>st</sup> May.

And before we move on to the voting, I invite you for questions. And I conclude there are no questions at the moment.

Then pursuant to Article 34.1 of the company's Articles of Association, the general meeting of shareholders is now requested to adopt the dividend proposal. Okay, we have the results here already. And I conclude that the resolution is adopted.

Let me continue with the next agenda point, the discharge of the member of the executive board and supervisory board. This agenda item relates to the resolution pursuant to Article 25 of the company's Articles of Association to discharge the members of the executive board from liability for the management in the 2020 financial year.

This discharge from liability relates to the management conducted for as far as known from the annual report 2020 and other information made available to the general meeting of shareholders. And we are now ready to take any questions on the discharge of the members of the executive board.

No question. And then to the next one. I can inform you about the voting results on the resolution to discharge the members of the executive board. And the resolution I conclude is herewith adopted. And we move on to the next point which is the discharge of the supervisory board.

And this relates to the resolution pursuant to Article 25 of the company's Articles of Association to discharge the members of the supervisory board from liability for the supervision in 2020 financial year. This discharge from liabilities relate to the supervision conducted for as far as known from annual report 2020 and other information made available to the general meeting of shareholders.

And we are now ready to take any questions. And questions are coming in, but these questions are not concerning this subject. So, I propose that we take them on later.

If I look through the voting results, that resolution is herewith adopted. And we move on to agenda point five. The composition of the executive board. The executive board of Sif is composed of Fred Van Beers, the CEO; and Leon Verweij, the CFO.

Leon was appointed executive board member during the AGM of 2017 for a period of four years ending at the close of the meeting of today. When discussing the future composition of the executive board, both Leon's future ambitions and the continuity of executive management at Sif were taken into consideration.

It was agreed that the renewal of the executive board membership would not serve the goals of both parties involved. And it was therefore agreed that Leon Verweij would not be nominated for a new appointment as member of the executive board of Sif.

Nonetheless, would the management of Sif welcome an advisory position for Leon. And it was agreed to return to consultancy relationship on a part-time basis for an initial first year, allowing Leon to pursue a different work private balance and creating an opportunity to rejuvenate the executive board of the company.

We are grateful to Leon for his accomplishments during the past four years at Sif, and are happy that his knowledge and experience will remain available to Fred and the new executive board member. The supervisory board now notifies the annual general meeting of shareholders of the intention to nominate Ben Meijer as a member of the executive board for a period of four years therefore until closing of the AGM in 2025.

And the resume of Ben was an attachment to the notice and agenda of this meeting, and has been available to the company's offices for shareholders to take note of. The main components of his remuneration were included in the agenda and match the remuneration policy that Sif has adopted last year. Ben is with us and I invite him to introduce himself to the meeting. So, Ben?

**Ben Meijer:** Thank you. Good morning, everybody. A brief introduction from my side. My name is Ben Meijer. I'm 45 years old. I was born and raised in Twente, in the East of the Netherlands before moving to Tilburg to start my study business economics at Tilburg University.

And when I finalised that study, I started my working career within a financial consultancy firm. And I did it for approximately five years, working in a wide variety of different assignments, and quite an interesting period. After that period as a financial consultant, I started working for Stahl. And Stahl is a specialty chemicals company, their headquarters in Waalwijk in the Netherlands. And the biggest division is chemicals for the leather industry. And I worked there in total for 14 years in different functions.

I started working as a financial analyst, then as a business controller for one of the divisions for really diving into the details. Then for a couple of years as group financial controller, really involved into financial accounting and also internal control. And the last six years as group business controller, globally responsible for business control. And also in that period, I was heavily involved in two large acquisitions that Stahl did. They bought at that time a part of BASF and a part of Clariant Leather Services. And the total size of the company grew from 300 million of sales to almost 1 billion. It was quite an interesting period also because you're really involved also in these acquisitions from the beginning to the end.

Two years ago, I started working for Broadview. And Broadview is a very operational holding company which is owned by HAL Investments. And they have two large industries. The largest one is material technology. And material technology amongst others is owning Tresa in the Netherlands, but also the Formica business.

And the second industry cluster is the energy business. I worked as a concern controller for two years. And then I was approached for the CFO function of Sif. And this is an opportunity I'm really excited about because of a couple of reasons.

First of all, being part of the sustainable energy market is something that is really triggering me. But then also working for a company which is already having a solid reputation and also a solid financial track record is something that is really good for me.

And then last but not least, I always like to work for companies with tangible products. And I've been to the factory in Roermond of Sif and more tangible well to be honest, you will not see it. Last but not least, my personal point of view, it's an opportunity for me. It's also given me a broader responsibility for a listed company, an opportunity that I'm really excited about.

From a personal point of view, I'm living together with Moniqu for more than 20 years. We're living in sin. We're not married. And we have a son. He's 13 years old. Looking forward to work with you together, and looking forward to this opportunity.

**Peter Gerretse:** Okay, Ben, thank you very much. Before we move on to questions, I can mention that the works council has positively advised on this proposed nomination. And let's have a look if we have any questions on this subject. Nothing in for the moment. So, then I congratulate Ben on his appointment, and welcome him at Sif shortly.

**Ben Meijer:** Thank you.

**Peter Gerretse:** Thank you very much, Ben.

**Fred Van Beers:** So congratulations.

**Peter Gerretse:** And we will continue with the next point on the agenda, the composition of the supervisory board. In accordance with the rotation schedule, there are no resigning supervisory board members at the moment. Next year, both Peter Wit and Peter Visser are due for resignation.

At that occasion, Sif will endeavour changes to the composition of the supervisory board to comply with recommendation and regulations on diversity. And we are now ready to answer question on the composition of the supervisory board.

And I don't see any questions coming in. So, we now move on to the next agenda item point seven,

**authorisation of the executive board.** And point A, the first one is the authority to acquire shares in the capital of the company. This resolution grants the executive board authority for the period of 18 months from 12th May, 2021 and with the approval of the supervisory board to acquire shares in the capital of the company, other than for no consideration including by means of derivatives, stock exchange transaction, private transactions, and block trades, etc.

The authority of the executive board to acquire shares in the capital of the company is subject to a maximum of 10% of the issued and paid-up capital of Sif on 12<sup>th</sup> May, 2021, and at a

price between the nominal value of the share and a 110% of the average closing price on the last five stock exchange trading days prior to the acquisition of shares in the capital of the company.

This resolution replaces the authority of the executive board granted to the executive board on the 14<sup>th</sup> May, 2020. And we're now ready to answer any questions on this agenda point. And I don't see any at the moment. Then I can inform you on the voting results which are on the screen. And I can inform you that this resolution has been adopted. And then we move on to the next issue which is the authority to issue and to grant the right to subscribe for shares.

And this agenda item relates to the resolution to renew the authority of the executive board to issue shares in the capital of Sif or to grant rights to subscribe for shares in the capital of Sif for the period of 18 months from 12<sup>th</sup> May, 2021 and with approval of the supervisory board.

And to mention that this authority is limit to 5% of the issued and paid-up capital on 12<sup>th</sup> May, 2021 and an additional 5% of the issued and paid-up capital in the 12<sup>th</sup> May, 2021 in connection with acquisitions, mergers, demergers or strategic alliances.

We are now ready to answer any questions. And I don't see any questions at the moment. And you will see the voting results on the screen. And I can conclude that the resolution is adopted.

And let me go to the next authority to restrict or exclude statutory pre-emptive rights of shareholders.

And this agenda item relates to the resolution to renew the authority of the executive board to restrict or exclude pre-emptive rights of shareholders. This proposes that this authority be renewed for the period of 18 months from 12<sup>th</sup> May, 2021, and requires the approval of the supervisory board.

And also, we are ready to answer any questions. Then I conclude from the voting results that this resolution is adopted. Then at point eight, any other business and close. And we are right at the last agenda item for this meeting. And I think I'm having some questions before me.

At the moment, six questions, all from Hugo Roelink. And I will go through these questions step by step. First of all, it concerns the study Sif has undertaken at the moment. And the question is, have additional questions arisen during the study that were initially not foreseen?

**Fred Van Beers:** That's why we do a study. You learn something, and then new questions pop up. And what I'd like to emphasise is on this study is that we should not forget one thing. That is that we have a very robust and steady order book well into 2023, and working even on lengthening that well into 2024 on an order book that suits our present production facility.

So, we really have the luxury of deep diving thoroughly in a very constructive way and in a very I'd say pliant way in answering all the questions that we see popping up out of this study. So that's the reason why we are really taking our time. And as said in the presentation, stay calm and stick to our own plan to only come out then when we have the full answer on the whole picture in this very rapidly-changing market. And the more input we

can get from that market and from – and sounding off our assumptions, the better our plan becomes. And the more robust our future will look like.

**Peter Gerretse:** Okay Fred, thanks. The next question also from Hugo Roelink. Sif is not currently producing at full capacity. To what extent is Sif able to influence the timing of the projects to further mitigate volatility?

**Fred Van Beers:** Thank you. It's a good question actually. And the answer is yes and no, because on the wind side, we are really full. So, on the wind production lines, we cannot do more. And the way we now produce Hollandse Kust Zuid with an average of five monopiles per week is – has never been seen before in this space.

The problem we have is that the oil and gas business, and the related production lines on oil and gas products is empty. And that takes a big chunk out of our so to say total potential capacity that we could produce on an annual basis. But if you don't have orders for that, unfortunately we cannot produce wind on those production lines.

**Peter Gerretse:** Okay, thank you very much. Then we have four other questions that are mainly concerning financial issues. The first is a question for the auditor. I'm not sure if we can get that connection again. But I'll first state the question.

The risk analysis of Ernst & Young includes the potential impact of performance-based bonus schemes. Could the auditor elaborate which risks these incentives could imply, and what the result of the audit were? René, can you answer these questions?

**René Frentz:** Yeah, sure I can. Of course, at the start of the audit, we perform our risk assessments and include let's say industry developments, what's happening in the business, but also the way let's say management is remunerated, what the incentives are. Especially from a fraud risk perspective, we consider that in conducting the audit and the audit strategy.

**Peter Gerretse:** Okay, thank you very much. Stay on the line because the next question from Mr Hugo Roelink is also for you. I state the question. In the report of the auditor, the speciality forensics was not included. But it did mention this speciality this year. Could Ernst & Young elaborate what leads to an inclusion of the speciality in the audit?

**René Frentz:** I think it relates to the composition of the team. We talk about forensics. Let's say in terms of risk assessment again we do involve, brought in forensic experts, and to do the risk assessment together with us as part of the audit.

Let's say basically the risk assessment procedures we're conducting. But there are no specific matters we brought up in terms of forensics or forensic risks.

**Peter Gerretse:** Okay, René. Thank you very much. And then two financial, more financial, and I am looking to Leon of course. According to the annual report of 2020, Sif had a markedly higher usage of guarantee facilities. What are the reasons thereof?

**Leon Verweij:** Well, it's quite simple. That's the conclusion of a couple of very large contracts like HKZ 1, 2, 3, and 4. Well first of all, we always at the beginning have to come up with something that is called a performance bond, which is basically a bank guarantee. That's for a certain amount which is part of the negotiation. And that more – it gives our client the certainty that we will be able to carry out the job he is awarding to us. And second

to that, of course we get prepayment in, yeah. And against those prepayments, we also have to issue bank guarantees.

At the end of the project, then this guarantee, this performance bond transfers into a warranty bond. And that stays in let's say our total exposure of bonds still normally for some average four to five years. So, it's a gradual build up. And it's also a good sign because it means that we have to issue performance bonds, so we get jobs in.

**Peter Gerretse:** Okay, Leon thank you. And the next question also from Mr Hugo Roelink for you. The question is during 2020, logistical cost of roughly 20 million were reported. Which part of these costs are the result of shipping the cones and cans from Roermond to Rotterdam?

**Leon Verweij:** Cones from Roermond to Rotterdam

**Peter Gerretse:** So, shipping of the cones of Roermond is the logistical costs, and what is the part of the total of 20 million?

**Leon Verweij:** Well, that of course depends on how busy we are. So there is no rule of thumb. But I would say that on top of my head, some out of those 20 million, some 4 million, 3 million to 4 million is due to shipping of cones to Rotterdam, yeah.

**Peter Gerretse:** Okay, thank you very much. There's still opportunity to have some questions, to ask some questions. Now if there are no further questions, I close the meeting. And I wish to thank everyone for their interest in and commitment to Sif.

And I wish you all the best and sincerely hope to meet you next year, but then in person and in good health of course. So, thank you for your attention and understanding. Thanks very much.