Supporting the energy transition

Financial-Social-Environmental Annual Report 2023 of Sif Holding N.V.

This is the PDF/printed version of the 2023 Annual Report of Sif Holding N.V. that has been prepared for ease of use. The 2023 Annual Report was made publicly available pursuant to section 5:25c of the Dutch Financial Supervision Act (Wet op het financiëel toezicht), and was filed with Netherlands Authority for the Financial Markets in European single electronic reporting format (the ESEF package). The ESEF package is available at https://sif-group.com/en/investor-relations/sif-annual-report-2023/ and includes a readable XHMTL version of the 2023 Annual Report. In case of discrepancies between this version and the ESEF package, the latter prevails

Sif OFFSHORE FOUNDATIONS

75 YEARS

Highlights 2023

People Planet Profit

Safety

8.28 LTIF

Gross CO2 emission

6,665 mT

Participation in projects resulting in

2,622 MW

renewable energy capacity

Contribution

€149.0 mln

Adjusted EBITDA

€42.2 mln

Order book

507 kton

Reference is made to the section Reporting Criteria of the annual report for further details

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


Successful test Electron Beam Welding


Final investment decision expansion Maasvlakte 2 plant


Order for 14 jacket piles Borwin 5


Capital markets day

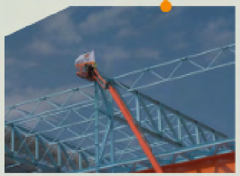

Capacity reservation Baltyk 2+3 offshore wind farm

Safety Stand Down

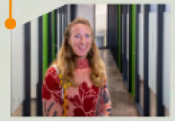
Rights offering of 50 million euro


Appointment Angelique Heckman to supervisory board


Order for 8 jacket piles Sunrise HVDC Jacket


Highest point buildings for expansion Maasvlakte 2 facilities


Confirmation of agreement with South-Korean Partner GS Entec


Appointment Annabelle Vos to supervisory board

Joined UN Global Compact

Joined IRBC


New order for Ecowende: Hollandse Kust West

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Message from our CEO

Dear Reader,

Our focus in 2023 was on managing critical milestones relating to our investment in the expansion of our manufacturing facilities and on increasing our safety-culture while diligently executing our orderbook. The decision to invest €328 million was made exactly on time to be granted the necessary permits and to start construction works in early April. Launching clients to fill capacity from the early days following the facilities' completion and signed contracts with strong partners for factory equipment and construction enabled us to start instantly after agreeing the necessary funding at attractive conditions. We achieved a healthy balance of financing by shareholders, customers and lenders, with strong support from the Dutch government.

Finding a new equilibrium

The timing was right to adjust processes and manufacturing lay-out to the new standards in the industry that demand more and larger foundations. We have focussed on our expansion project amid the turmoil of an ongoing war in Ukraine and hostilities in Israel and Gaza, which have led to intense human tragedy and affected the availability and costs of money, energy and basic materials. Despite serious project cancellations due to increased interest rates and pipeline instability in the USA and despite a failing contracts for differences (CfD) round in the UK, we continue to see offshore wind as a key driver for the world's energy transition and pivotal in meeting the goal of limiting global warming to no more than 1.5 degree Celsius. We stay on course, keep calm and carry on despite some projects or regions being hit by temporarily unbalanced energy prices or the incidence of cost issues and/or disruptions in the supply chain. Among the cancelled projects is Empire Wind 2, one of the launching projects for our expanded manufacturing facilities. We provided communications to our stakeholders explaining the related impact on Sif, how we will pursue mitigation of the effects of the termination and how contractual termination fees will protect us against the costs of underuse of our capacity. It is our firm belief that, once the dust has fully settled and the parties have found a new equilibrium, the industry will show resilience and swiftly return to the production levels of earlier projections.

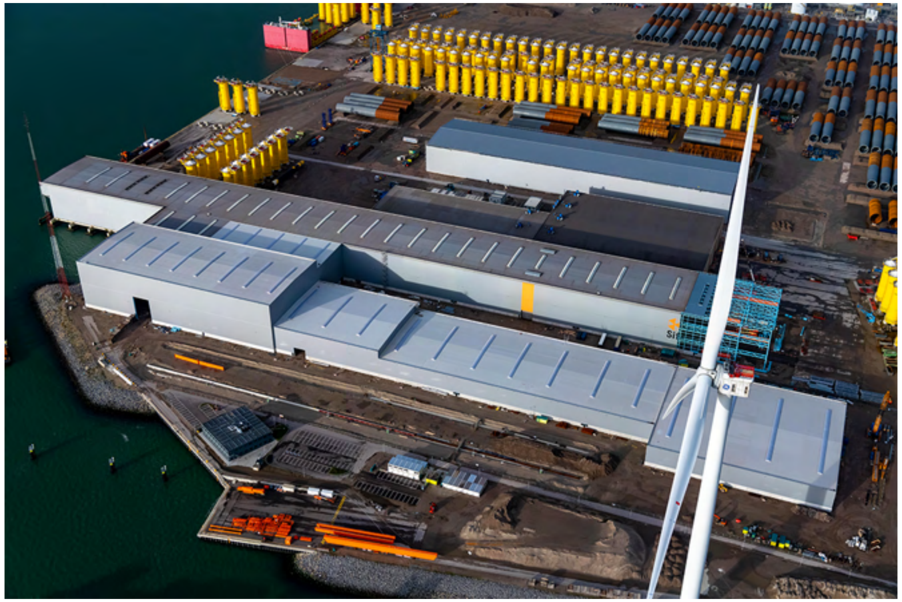
Our belief that the industry will return to the earlier projected production levels is underpinned by the EU announcements that EU governments support the pursuit of offshore wind capacity targets as listed in the EU Wind Power Package (Member States agree new ambition for expanding offshore renewable energy (europa.eu)). There is a 15-point action plan to increase efficiency in the supply chain to achieve the connection of 111 GW offshore wind to the grid by 2030 as targeted by the EU in January 2023. Our belief is also supported by the announced Contracts-for-Difference round 6 in the UK whereby strike prices will be increased by 66% to GBP 73/Mwh (price level 2012) for bottom-fixed offshore wind projects assuming the provisioned subsidies will be sufficient to comfort the expected number of projects. On a global level the 200 countries that signed the agreement to triple the wind energy base at COP28 demonstrates the need to accelerate the energy transition process.

> ‘Offshore wind is a key driver for the world’s energy transition and limitation of global warming to no more than 1.5 degree Celsius’

Progress on the expansion of our facilities and operational performance

We made good progress on realizing our expansion plans in the year under review. We commenced construction works in April and reached the highest point in August 2023. Meanwhile, all the buildings are under a roof and most of the equipment has been received at the building site or is in the final stages of passing the Factory Acceptance Tests (FAT). Cranes and other equipment have been installed and are undergoing Site Acceptance Tests (SAT). This is progressing on schedule and within the budget. The first production of the new integrated factory is scheduled for late July 2024. This is in accordance with the initial plan.

During the year under review, long-term political ambitions for offshore wind were raised again and most of the initiated projects continued as planned. We completed, continued or started projects for, amongst others, Dogger Bank, Noirmoutier and He Dreiht. These projects were booked at healthy margins that could compensate for the lower 2023 manufactured volumes caused by inefficiencies relating primarily to the disrupted labor market. More specifically, the lack of experienced personnel in combination with the physical barriers of our current manufacturing set-up are the underlaying factors for this lower than expected manufacturing volume. The balance enabled us to reach the forecast EBITDA figure of €42.2 million, which was just above the level of the previous year with production of 192 Kton. Our ESG-related performance indicators demonstrate that, while we are on the right track, we have not yet achieved the level of our ambitions. Following a sharp increase in our incident rates in the first half of 2023, our 2-day safety stand downs in May 2023 resulted in a far better safety performance in the second half of 2023. While a full year 2023 LTIF of 8.28 is still too high, the trend from Q3 2023 is promising with a sharp decline in LTI’s but a still too high TRIF. The carbon footprint for scope 1 and 2 decreased on the back of using hydrotreated vegetable oil instead of diesel for road and shipping transportation, the further implementation of electric pre-heating technologies and more compensation from the Haliade X turbine on Sif’s production site compared to 2022. The completion of the new factory will contribute even further towards reaching the targets in this field as it is based on more sustainable industrialized production technology and processes.



THE EXPANDED FACTORY TAKING SHAPE

Our strategic agenda for 2024

Expanding our production facilities is an important item on our strategic agenda. The priority for 2024 is to deliver on the expansion and to successfully start up the new factory. By early 2025 all production lines should be fully operational to match the theoretical annual production capacity of 200 monopiles, each with a length of 100 meter and a weight of 2,500 tonnes or an equivalent of in total 400 Kton at 80% utilization. It will be high on my personal agenda to achieve maximized safety, environmental performance and operational efficiency of the expanded factory. Our key performance indicators on these items should improve drastically in the new production environment.

‘Our priority for 2024 is to improve safety, successfully start up the factory and ensure all production lines are fully operational by early 2025’

High on our strategic agenda is also the restart of marshalling and logistics activities. While we had a few very successful years with this activity, we had to slow down our operations in this field to create space for the expansion of our production facilities. We are in promising talks with the Port of Rotterdam to lease additional space for both a restart of marshalling activities and for potential wind farm decommissioning works. In our scenarios for future growth, we expect the decommissioning market to develop within the next several years and as this is an activity which is fully in line with our ambitions for carbon footprint reduction, we decided to investigate the viability of a business plan including a return of the scrap of the decommissioned foundations to our steel partner to re-use it to produce green steel. This exploratory process is carried out based on a memorandum of understanding with our partner Ballast Nedam in Sif Decom for decommissioning of obsolete and aged wind farms and Decom Cockpit, which is a joint venture with CRC, Jansen Recycling and ECHT for onshore processing of decommissioned materials.

A permanent item on our strategic agenda is innovation. It is at the heart of Sif, and we once again focussed on multiple innovation initiatives in 2023. The inhouse availability of the engineering services of KCI the engineers has proven a strong support for the progress we booked here. These initiatives aim to help achieve Sif's ambition to be a total solutions provider for monopile foundations. These innovation projects include Electric Beam Welding, a guided monopile concept, a revival study of the Tripod, the development of Skybox and participation in various studies on low-noise monopile installation techniques.

Leadership and personnel

In line with the schedule of resignation of the Supervisory Board, chairman André Goedée and member Caroline van den Bosch resigned in May 2023. Two new members were selected and proposed for appointment to the General Meeting of Shareholders. Angelique Heckman was appointed for a four-year term in May 2023 and Annabelle Vos was appointed in September 2023 for a period until May 2027. I am grateful to André Goedée and Caroline van den Bosch for the contribution they made to the development of Sif. Especially the last two years were very demanding as set out in the Supervisory Board report included in this annual report.

The question that has been at the top of my mind for the past two to three years is: How do we ensure the availability of sufficient well-trained staff? We need an additional 190 colleagues to properly run the expanded factory at full capacity. To achieve this, we have doubled the recruitment capacity that would normally be required to hire the needed number of employees. In addition, we have set up dedicated training support for technical jobs such as rolling, welding and steel-fitting. We have furthermore arranged good housing and commute services to provide employees with maximum support.

Sif is an important contributor to the energy transition. Our products are pivotal in realizing offshore wind ambitions and our mission commands setting the right example in our own organization and way of working. We organize all our processes in a responsible and sustainable way, assuring value for our customers, employees and society. To further support and enhance this ambition, we joined the IMVO/IRBC covenant for the renewable energy sector, a coalition of solar and wind energy companies, industry associations, the Dutch government, knowledge institutions, NGOs and trade unions that jointly committed themselves to making international value chains more sustainable. We have also committed to the principles and sustainable development goals of the UN Global Compact that should end poverty, inequality and climate change. Our contribution to five of these goals is explained in the chapter on our performance in 2023 of this annual report.

> 'We apply the international responsible business conduct standards of IRBC to limit the actual or potential negative impact of our operations on people and the environment'

We look back on a year in which we celebrated our 75th year anniversary. In 2023, we also prepared for the decades ahead by building on Sif's long and successful history. I am looking forward to putting our new factory into operation in 2024 and to serving our clients with the best foundations for their wind farms. Most of all, I focus on providing everyone at Sif with a safe working place and pleasant working conditions that further stimulate us to generate a decent return for our shareholders on their investment in Sif Holding.

Roermond, the Netherlands, 18 March 2024

Fred van Beers

About Sif: our spirit

Founded in 1948 as a metal working firm, the company focused on pressure vessels and from the 1970's on tubular steel pipes for jacket foundations. From 2000, Sif capitalized on the introduction of offshore wind and became a first mover in monopiles and transition pieces, the foundation of choice for offshore wind turbines. Throughout this journey, rolling and welding of thick steel plates were core skills of the company. Since 2000, Sif has manufactured more than 2,500 monopile foundations, mainly for European wind farms. Sif has evolved into a leading provider of monopile solutions and a pivotal contributor to clean offshore energy markets and the energy transition.

Sif has been listed on the Euronext Amsterdam stock exchange since 2016.

'Sif is a pivotal contributor to the energy transition'

Our vision:
To accelerate the growth of offshore wind power generation as a key driver to the world's energy transition.

Our mission:
To be the best monopile solutions provider through innovation, engineering and excellent manufacturing with commitment to the environment and our employees' wellbeing, all as confirmed by our customers.

Our core values: teamwork, ownership, focus on results.
Our reputation is determined by our focus on quality and reliability. We are always on time and do not allow for mistakes to go offshore. We deliver a critical and vital component in the offshore wind supply chain and as a result our services must be 'first-time right'. The sheer magnitude of our products requires commitment, teamwork and ownership. Our employees are the key to our success. Together we make a difference, guided by our three core values.

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.
Ownership	Another word for commitment and responsibility. This starts with clarity about who does what and an open culture in which we foster mutual accountability, focus on solutions and respect everyone's contribution to the bigger picture.
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.

Our management

Supervisory Board

FROM LEFT TO RIGHT: PETER GERRETSE, PETER VISSER, ANGELIQUE HECKMAN, PETER WIT, ANNABELLE VOS

Peter Gerretse, chairman (1955, male, Dutch). Relevant expertise and experience in international business, project management, manufacturing, industrialization, and automation. First appointed in February 2016, reappointed in May 2020. Has served on the Supervisory Board of Vanderlande industries since 2017 and was on the Supervisory Board of Aeronamic Holding from 2010 to 2017. From 1995 to 2013 Peter Gerretse was employed by Vanderlande industries, most recently as president and CEO. Before joining Vanderlande he held several management positions at Fokker aircraft. Peter Gerretse holds an engineering degree in Aerospace engineering from Delft University of Technology. He holds no shares in Sif Holding N.V.

Peter Wit, vice-chairman (1967, male, Dutch). Relevant expertise and experience in financial management and accounting, risk and risk-management, legal, tax, IT operations, compliance and auditing. First appointed in May 2018, reappointed in May 2022. Peter Wit is CFO at Iqip holding B.V. and was COO of staffing company Atlas Professionals from 2018 to 2021, CFO and managing director of Inashco from 2014 to 2017, CFO of Dockwise from 2009 to 2013 and employed by Royal Dutch Shell Group in various positions between 1992 and 2009. Between 2018 and 2022 Peter Wit was on the Supervisory Board of Doedijns Group. Peter Wit holds a master’s degree in business administration from the University Groningen and obtained a post-doctorate controlling degree from VU University Amsterdam. He holds no shares in Sif Holding N.V.

Annabelle Vos (1978, female, Dutch). Relevant expertise and experience in offshore energy markets, ESG, legal, regulatory, compliance and risk management. Annabelle Vos has served as General Counsel and Chief Compliance Officer at Fugro N.V since 2016 and since 2019 as a member of the executive leadership team. Before joining Fugro she was a Corporate M&A and Corporate Litigation lawyer at De Brauw Blackstone Westbroek from 2006 through 2015. Annabelle Vos has a master’s degree in arts from John Hopkins University School of Advanced International Studies and a master’s degree in law from Leiden University. She holds no shares in Sif Holding N.V.

Angelique Heckman (1968, female, Dutch). Relevant expertise and experience in human resources, governance, organization, safety, corporate culture and coaching. First appointed in May 2023. Angelique Heckman has served as a member of the Supervisory Board and the president of remuneration committees for multiple organizations including De Domijnen and Bernhoven Hospital. She has also worked as Chief People & Culture Officer and as CHRO for various organizations including Royal Swinkels Family Brewers, Royal Cosun / Aviko Group, and Etam Groep. Angelique Heckman has also held various HR roles in Royal DSM ranging from Project Manager to VP HR. She holds an Executive master's degree in Consulting & Coaching for Change from Oxford and HEC Paris, a master's degree in HR Management from Lesley School of Management, a certificate program in Human Resources from Harvard University, and a master's degree in Civil and Criminal Law from law school at Utrecht University. Angelique Heckman holds no shares in Sif Holding N.V.

Peter Visser (1956, male, Dutch). Relevant expertise and experience in offshore energy, general management, finance, auditing, risk management, M&A. First appointed in May 2018 and reappointed in May 2022 upon nomination of Sif's largest shareholder Grachtenheer 10 BV (related to Egeria Group of whom Peter Visser is a co-founder and director). From 1992 until 1997 Peter Visser was director at MeesPierson and responsible for private equity activities of the bank in Europe. Between 1983 and 1992 he worked for McKinsey & Cy. Peter Visser holds a degree in economics from Groningen University. Peter Visser, through Grachtenheer/Egeria, is a shareholder in Sif Holding N.V.

Executive Board

Fred van Beers, CEO (1962, male, Dutch). First appointed to the Executive Board in September 2018, reappointed in May 2022. Fred van Beers was employed as a business unit manager at Alcoa from 1989 to 1994 and at LIPS from 1994 to 2002 before joining Wärtsilä. He served Wärtsilä as managing director Netherlands between 2007 and 2010 and as VP services North Europe between 2010 and 2015. From 2015 until 2017 Fred van Beers was CEO at Blohm + Voss in Hamburg. He holds a degree in marine engineering and owns 38,999 shares in Sif Holding N.V. at the end of 2023 (right on picture).

FROM LEFT TO RIGHT: BEN MEIJER, FRED VAN BEERS

Ben Meijer, CFO (1976, male, Dutch). First appointed to the Executive Board in May 2021. Ben Meijer was a financial consultant at First Dutch Capital between 2000 and 2004 and held various financial positions at Stahl Group between 2005 and 2019. Before joining Sif, Ben Meijer was concern-controller at HAL Investments subsidiary Broadview from 2019 until 2021. He holds a master's degree in Business Administration from Tilburg University and an executive master's degree in Finance and Control from TIAS school for business and society in Tilburg. Ben Meijer owns 11,814 shares in Sif Holding N.V. at the end of 2023 (left on picture).

Management Team

FROM LEFT TO RIGHT: FRANK KEVENAAR, JOOST HEEMSKERK, FRED VAN BEERS, MONIQUE VAN DEN BOOGAARD, BEN MEIJER, ROBERT VERKROOST

In addition to the CEO and CFO, the members of the Management Team are:

Monique van den Boogaard, Director Projects (1962, female, Dutch). Monique van den Boogaard has held various managerial positions at Oschatz Energy and Environment in Germany and China in the 2016-2023 timeframe, including director projects, managing director execution and most recently as managing director. Before Oschatz, Monique van den Boogaard was employed by NEM Energy between 2013 and 2016 as global director of projects. Monique van den Boogaard studied management and organization (higher professional education) and attended various management and leadership training courses.

Joost Heemskerk, CCO (1977, male, Dutch). Appointed in June 2020. He has held various positions in engineering, project management, commercial and strategy consulting in the offshore energy business and was employed by 2-B energy, Bain & Company and most recently by SBM Offshore. Joost Heemskerk holds a master's degree in civil/offshore engineering from Delft University of Technology.

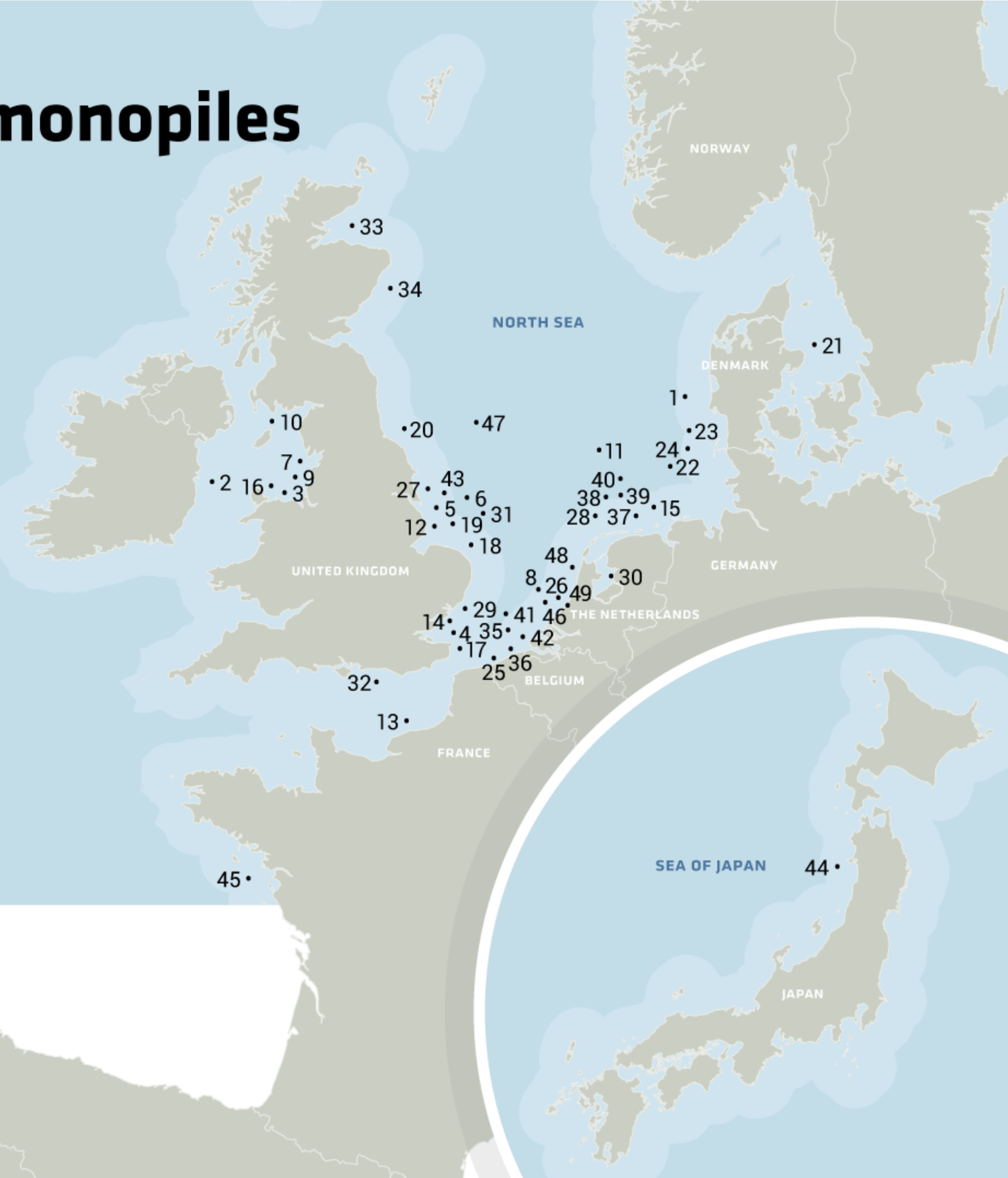
Frank Kevenaar, COO (1963, male, Dutch). Appointed in April 2019. He has held various positions in the automotive and maritime industries, amongst others at Wärtsilä, Brabant Components and Stork. Frank Kevenaar holds a bachelor degree in engineering and business administration.

Robert Verkroost, HR director a.i. (1967, male, Dutch). Appointed in July 2023. He has held various consultancy positions in the field of HR amongst others at BJ Brabant, Le Grand Bernard and Berendsen. Between 2010 and 2018 Robert Verkroost was HR director at GGN and between 2018 and 2021 at DPD Nederland. Since 2021 Robert Verkroost is active in HR interim management and consultancy. He holds a bachelor degree from Fontys and studied executive change management at Sioo in Utrecht and organisational change at ST Group.

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

Key Figures 2019-2023

Key figures 2019 – 2023

X € 1,000	2023	2022	2021	2020	2019	Reference *
Revenue	454,299	374,543	422,541	335,433	325,600	
Contribution	148,989	130,511	114,230	101,592	101,517	(a)
Contribution/ton	669	674	637	609	542	(a)
EBITDA	36,806	36,426	39,061	31,756	26,371	(b)
Adjusted EBITDA	42,168	41,792	39,760	31,756	26,371	(b)
Adjusted EBITDA (ex IFRS 16)	34,726	27,487	34,173	naf	naf	(b)
EBIT	13,909	12,200	17,349	11,408	9,164	(c)
Adjusted EBIT	19,271	17,566	18,048	11,408	9,164	(c)
Profit attributable to the shareholders	10,863	7,217	11,590	7,271	5,488	
Net cash from operating activities	106,483	50,360	91,230	34,336	30,853	
Net cash from investing activities	(169,858)	(20,283)	(11,493)	(4,927)	(14,485)	
Net increase/(decrease) in cash and cash equivalents	41,557	16,631	70,556	1,066	1,074	
Depreciation and amortization	(22,897)	(24,226)	(21,712)	(20,348)	(17,207)	
Net debt	427	17,566	32,482	52,119	80,291	(d)
Net debt (ex IFRS 16)	(111,463)	(89,832)	(73,201)	(2,645)	21,293	(d)
Net working capital	(133,405)	(81,484)	(65,840)	(2,859)	4,300	(e)

* Reference is made to section 'Definition and Explanation of use of non-IFRS financial measures' and 'Reconciliation of non-IFRS financial measures' in the Other Information section for the definition and explanation of use, reconciliation and restatements (if applicable)

Key figures 2019 – 2023

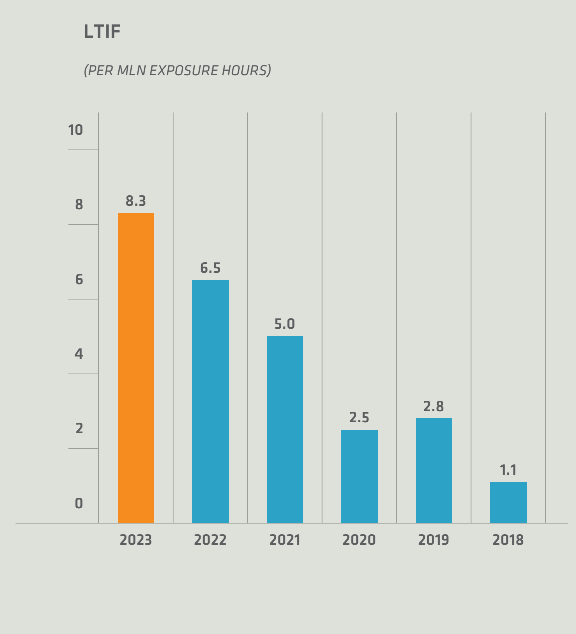
	2023	2022	2021	2020	2019	Reference *
IN KTON						
Production	192	169	171	164	185	
PER SHARE X €						
Earnings	0.32	0.28	0.45	0.29	0.22	
Dividend	0.00	0.00	0.19	0.12	0.00	
Number of shares issued	29,889	25,501	25,501	25,501	25,501	
RATIOS %						
ROACE	22.3	28.3	43.2	18.9	8.3	(f)
ROACE (adjusted)	110.7	43.6	46.0	18.9	8.3	(g)
COVENANT RATIOS **						
Solvency	43.8	41.0	47.7	50.0	47.2	(h)
Leverage ***	0.00	0.00	0.00	0.00	1.04	(i)
NON-FINANCIAL KPI'S						
LTIF per mln exposure hours	8.28	6.50	4.98	2.48	2.75	
Sickness leave %	6.86	7.89	5.10	5.50	6.59	
Gross CO2 footprint in tons	6,665	10,422	7,378	3,538	4,392	
Net CO2 footprint in tons	6,665	10,422	7,378	3,538	4,392	
Participation in projects that will result in renewable energy capacity (in MW)	2,622	1,954	1,873	1,298	naf	
Usage of gasses in (pre-)heating of welds - natural gas in m3 per kg welding material	0.67	0.83	naf	naf	naf	
Usage of gasses in (pre-)heating of welds - propane gas in kg per kg welding material	0.45	0.57	naf	naf	naf	

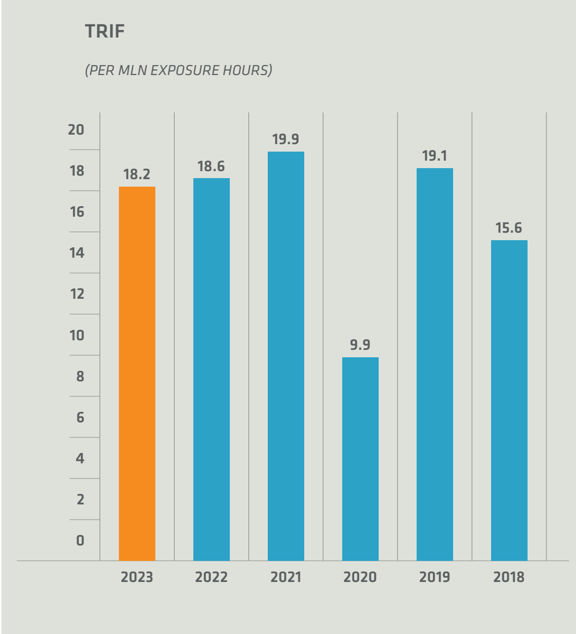
naf = not accounted for

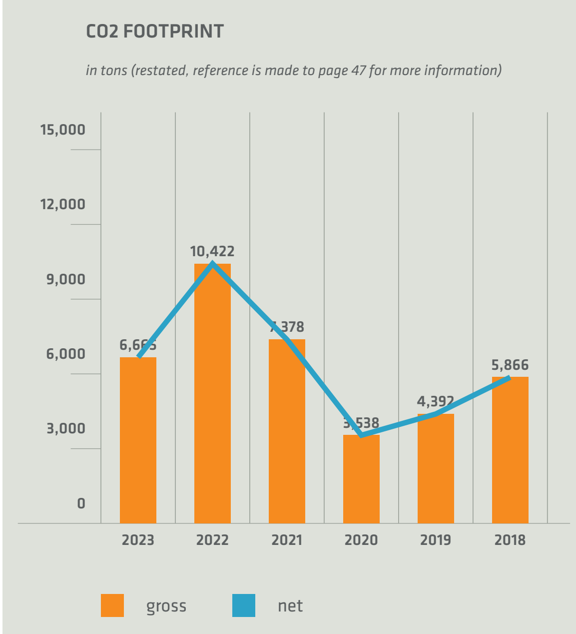
* Reference is made to section 'Definition and Explanation of use of non-IFRS financial measures' and 'Reconciliation of non-IFRS financial measures' in the Other Information section for the definition and explanation of use, reconciliation and restatements (if applicable)

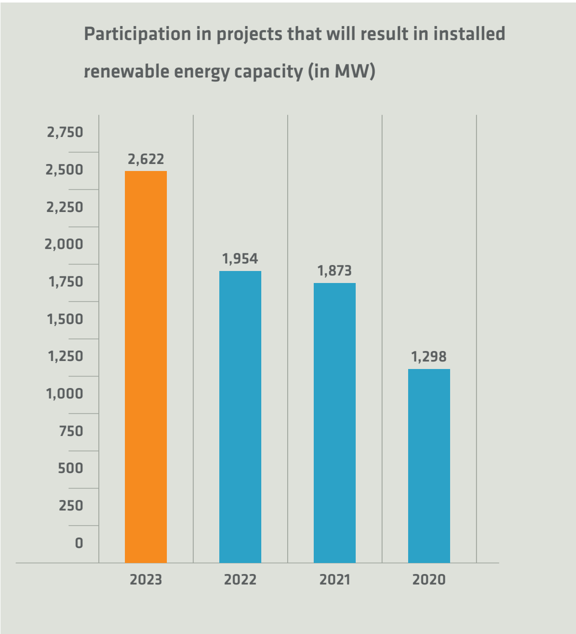
** The definition of the covenant ratio's have changed in 2023 as compared to prior periods. Reference is made to section 'Definition and Explanation of use of non-IFRS financial measures' for more information.

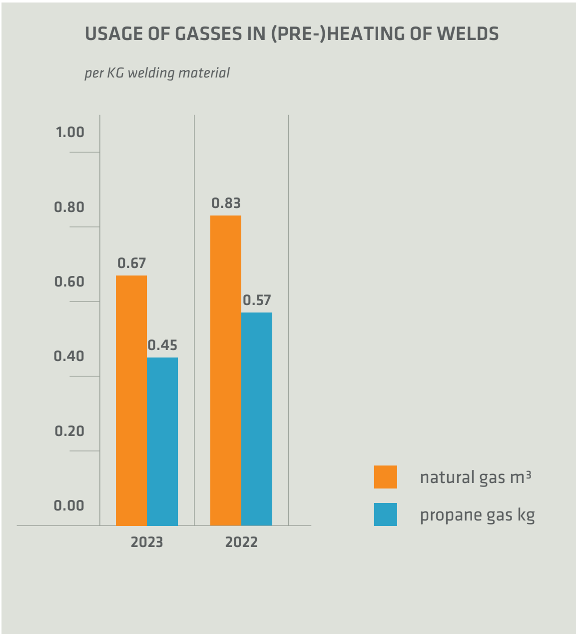
*** In prior period annual report presented as "Total debt/EBITDA (ex IFRS16)"

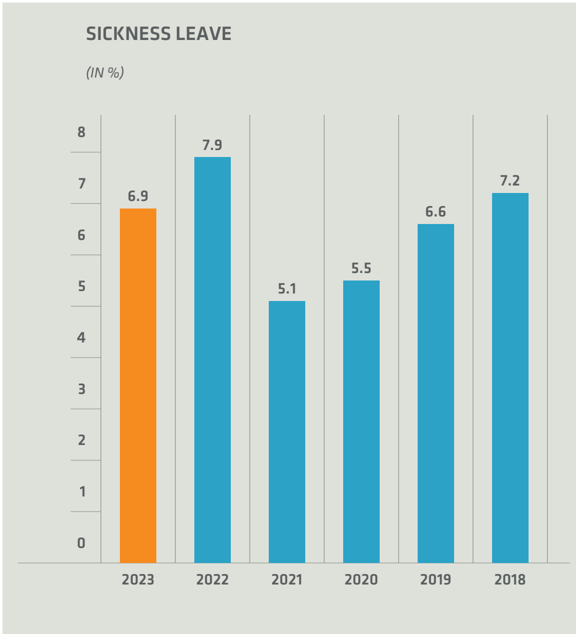

LTIF
(PER MLN EXPOSURE HOURS)
10
8
6
4
2
0
8.3
6.5
5.0
2.5
2.8
1.1
2023
2022
2021
2020
2019
2018


TRIF
(PER MLN EXPOSURE HOURS)
20
18
16
14
12
10
8
6
4
2
0
18.2
18.6
19.9
9.9
19.1
15.6
2023
2022
2021
2020
2019
2018


CO2 FOOTPRINT
in tons (restated, reference is made to page 47 for more information)
15,000
12,000
9,000
6,000
3,000
0
10,422
7,378
3,538
4,392
5,866
2023
2022
2021
2020
2019
2018
gross
net

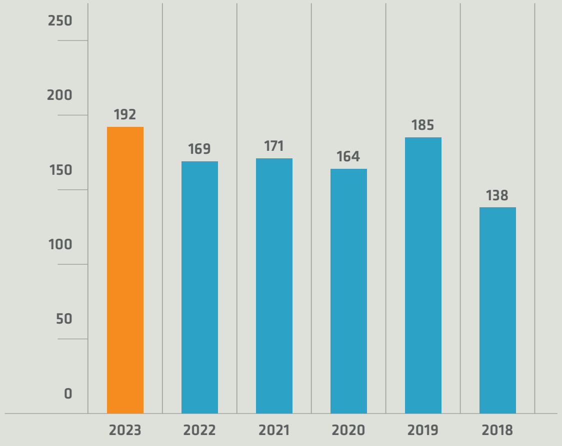

Participation in projects that will result in installed renewable energy capacity (in MW)
2,750
2,500
2,250
2,000
1,750
1,500
1,250
1,000
750
500
250
0
2,622
1,954
1,873
1,298
2023
2022
2021
2020


USAGE OF GASSES IN (PRE-)HEATING OF WELDS
per KG welding material
1.00
0.80
0.60
0.40
0.20
0.00
0.67
0.45
0.83
0.57
2023
2022
natural gas m³
propane gas kg


SICKNESS LEAVE
(IN %)
8
7
6
5
4
3
2
1
0
6.9
7.9
5.1
5.5
6.6
7.2
2023
2022
2021
2020
2019
2018

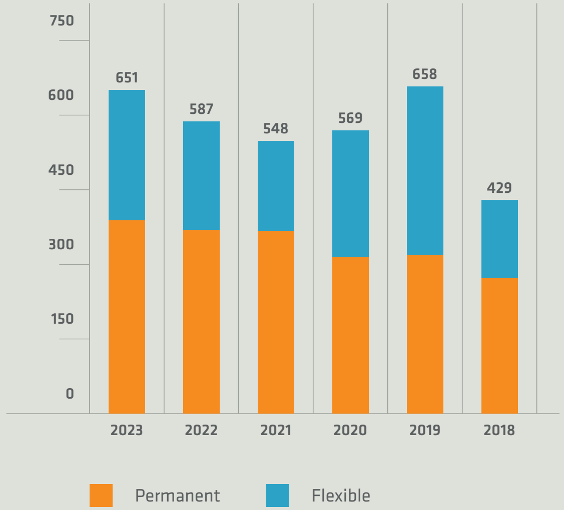
PRODUCTION

(IN KTON)

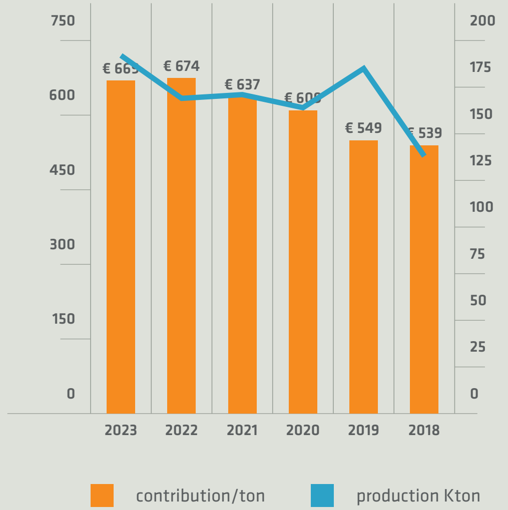


EMPLOYEES

(IN FTE at YE)

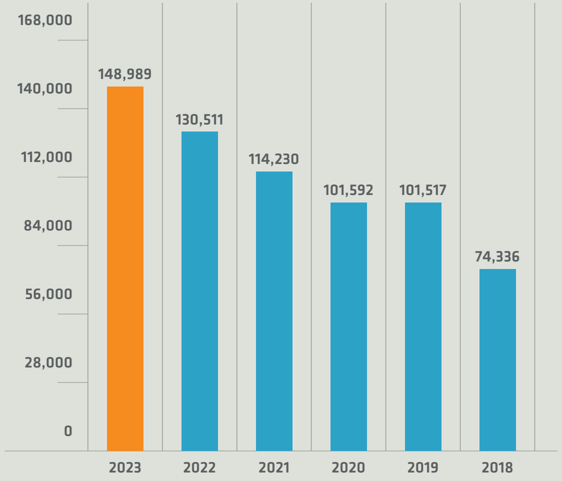


CONTRIBUTION PER TON



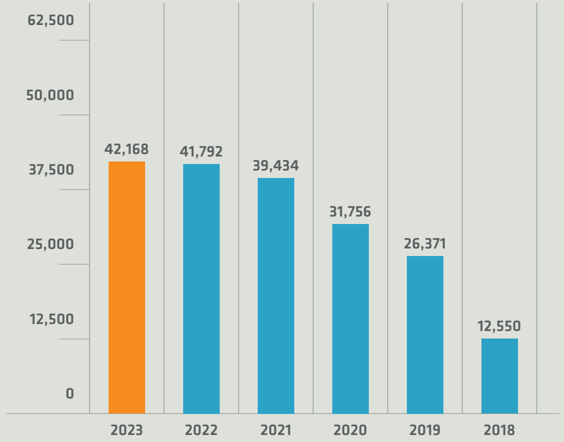
CONTRIBUTION

(IN € 1,000)



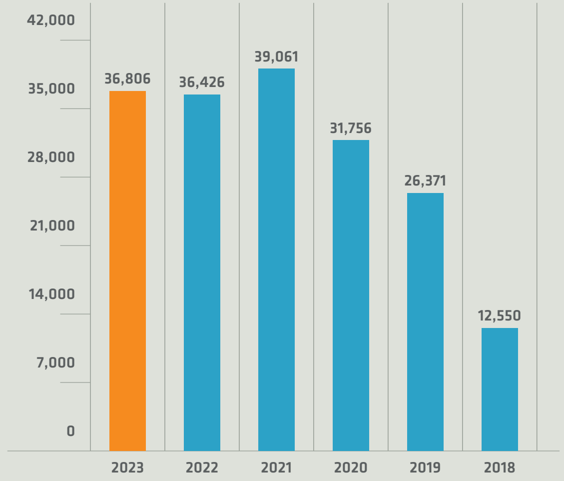
EBITDA ADJUSTED

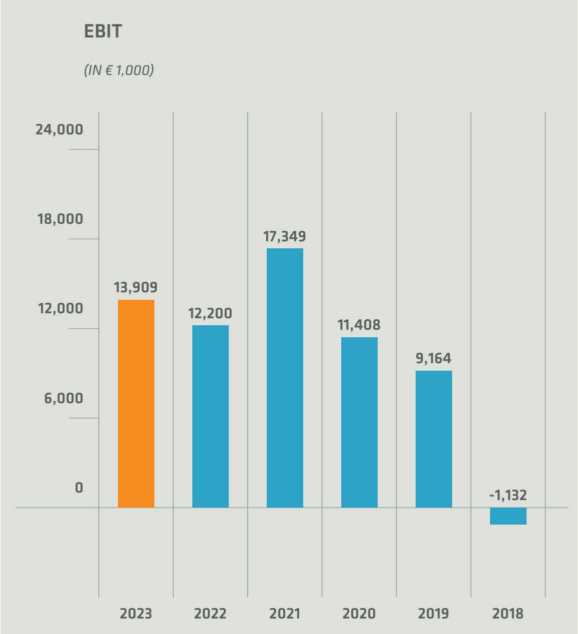
(IN € 1,000)



EBITDA

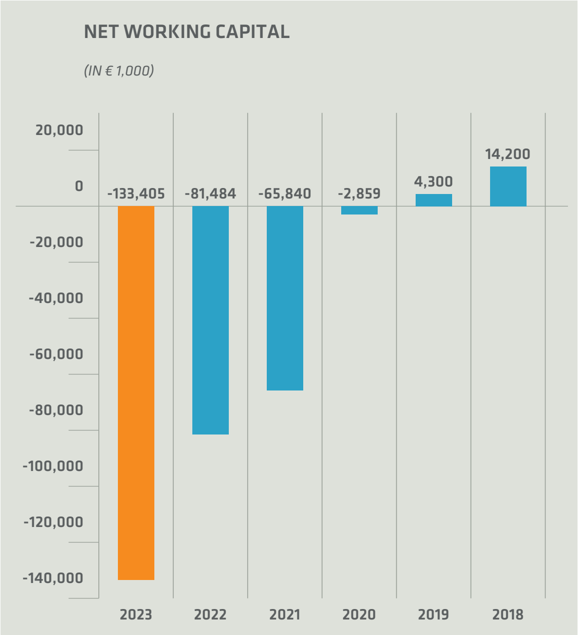
(IN € 1,000)

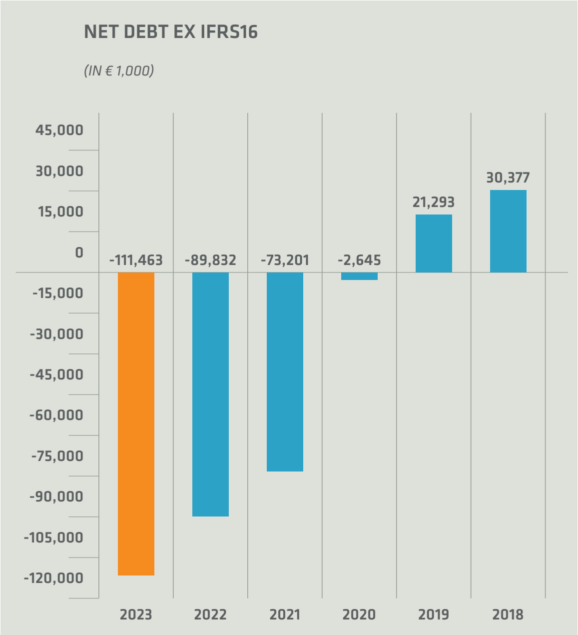


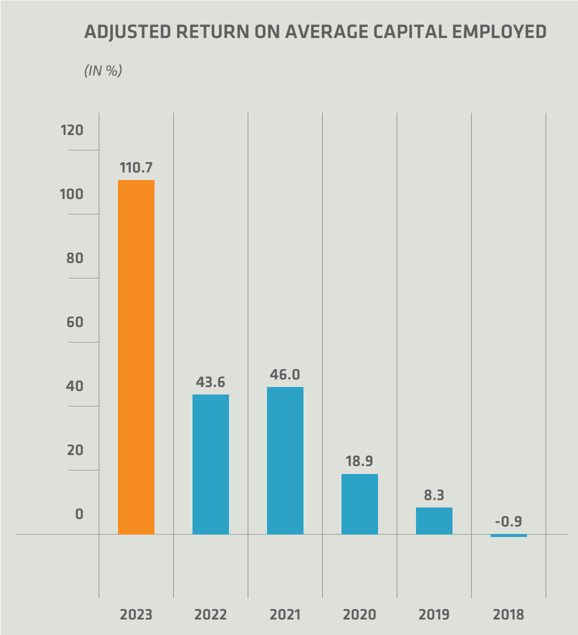

EBIT
(IN € 1,000)
24,000
18,000
12,000
6,000
0
13,909
12,200
17,349
11,408
9,164
-1,132
2023
2022
2021
2020
2019
2018


NET EARNINGS
(IN € 1,000)
32,000
24,000
16,000
8,000
0
10,863
7,217
11,590
7,271
5,488
-2,051
2023
2022
2021
2020
2019
2018


EARNINGS PER SHARE
(IN €)
0.60
0.45
0.30
0.15
0.00
0.32
0.28
0.45
0.29
0.22
-0.08
2023
2022
2021
2020
2019
2018


NET WORKING CAPITAL
(IN € 1,000)
20,000
0
-20,000
-40,000
-60,000
-80,000
-100,000
-120,000
-140,000
-133,405
-81,484
-65,840
-2,859
4,300
14,200
2023
2022
2021
2020
2019
2018


NET DEBT EX IFRS16
(IN € 1,000)
45,000
30,000
15,000
0
-15,000
-30,000
-45,000
-60,000
-75,000
-90,000
-105,000
-120,000
-111,463
-89,832
-73,201
-2,645
21,293
30,377
2023
2022
2021
2020
2019
2018


ADJUSTED RETURN ON AVERAGE CAPITAL EMPLOYED
(IN %)
120
100
80
60
40
20
0
110.7
43.6
46.0
18.9
8.3
-0.9
2023
2022
2021
2020
2019
2018

How we create value: our strategy and our business model

External challenges

Global issues

Climate change and wealth differences are thought to be the main drivers of global unrest. There are wars in Ukraine, Syria and Israel, conflicts in Sudan, Congo and Myanmar and natural disasters with flooding, earthquakes and fires. All result in human tragedy, food and housing shortages and people seeking refuge. Stopping global warming through transition from fossil fuels to more renewable energy is one of the major challenges of our time. Sif is dedicated to contributing towards meeting this challenge.

In 2015 (COP21 12 December 2015, Paris), global leaders agreed on a global response to the threat of climate change aimed at: 'Keeping a global temperature rise this century well below 2 degrees Celsius above pre-industrial levels and to pursue efforts to limit the temperature increase even further to 1.5 degrees Celsius'.

The Paris agreement requests each signatory to outline and communicate climate actions and to update these Nationally Determined Contributions (NDCs) every five years from 2020. Europe, for its member states, submitted a version 3 update on 19 October 2023. Amongst other things, this update commits to a 'domestic reduction of net greenhouse gas emissions by at least 55% compared to 1990 by 2030'. In 2023 (COP28 12 December 2023, Dubai), global leaders for the first time collectively agreed that transitioning away from fossil fuels by 2050 is needed to limit the global warming. As an alternative to fossil, offshore wind cannot be ignored and the acceleration, which is already envisaged by so many countries, needs to become a reality.

Regional issues

Supply chain issues, higher interest rates and failure to obtain tax credits have caused hick-ups in the world of offshore wind and have resulted in project cancellations and postponements in the USA. One of these projects concerns Sif's Empire Wind 2 project. These hick-ups are expected to be less prolonged in non-US jurisdictions where governments have legally binding energy transition targets, where supply-chain issues are less material and where costs of offshore wind are lower. Governments in these jurisdictions have shown commitment through support measures for the industry. These include the increase of energy strike prices in contracts for differences for bottom fixed offshore wind in the UK, the promotion of and investment in grid availability and the release of the Wind Power Action Plan by the EU.

Local challenges

Sif's activities are based in the Netherlands that, as a country, faces the global challenges that relate to climate change as well as challenges that have a more local character. Pressure on the labour market and meeting strict regulations on the preservation of nature are challenges that required a lot of our attention in 2023 and that we expect will require our extensive attention in the years to come.

Labor market challenges originate from the structural unbalance we have witnessed over the past years in interest for technical studies. There is a large demand in the Netherlands for technically educated and trained labor on all levels.

As a member of the European Union, the Netherlands has committed to regulations on the preservation of nature. The country is densely populated and has highly industrialized and intensive agricultural regions. This demands strict regulations with respect to the burden we as a country impose on nature and has resulted in very strict permitting procedures.

Stakeholder engagement

As a critical partner in the energy transition and as a manufacturer of offshore wind foundations, we interact with a broad spectrum of stakeholders including wind farm owners, wind farm developers, employees, shareholders and other capital providers, as well as suppliers and subcontractors. We exchange a great deal of knowledge with the industry, the public sector, educational institutions and civil society groups.

Client contacts

Depending on the size and timing of projects, we work at any time on 5 to 10 Prequalification Questionnaires (PQQs), approximately 15 Requests for Proposal (RFPs), Requests for Quotation (RFQs) or Invitations to Tenders (ITTs) and 3 to 4 Contract negotiations. Annually we execute 3 to 6 contracts. The period from RFP/ ITT to final delivery of the project is on average between 3 and 4 years. During this period, we are in regular contact with various representatives of our clients. As part of this process, we jointly evaluate the project once it is finished. We use an electronical questionnaire on a no-name-basis for this purpose.

(Potential) shareholders, sell-side analysts and lenders

Sif is in contact with its (potential) shareholders and lenders at various moments during the year. We regularly meet with them during both lender presentations, investor conferences and roadshows and General Meetings of Shareholders. In addition, we have regular meetings with sell-side analysts who follow the company. Analyst meetings and General Meetings of Shareholders can be followed through live or on-demand webcast. Webcasts of special events such as the Capital Markets Day that we organized in March 2023 in relation to the FID on the expansion plans are also available.

Suppliers and subcontractors

Sif cooperates with a limited number of suppliers, subcontractors or other supply chain partners (such as installation companies). We view them as co-makers, partners in innovation, contributors to our always-right approach and to our circularity ambitions and as crucial partners in business integrity. Contacts are frequent through project-related discussions, audits and more strategic meetings.

Employees, Works Council

The Sif management has meetings with the Works Council several times a year. Sif organizes town-hall meetings with all employees to discuss material topics such as safety, labor conditions, organization, strategy, performance and remuneration. Supervisory Board member Angelique Heckman was appointed following the enforced recommendation by the Works Council. The Supervisory Board member representing the Works Council attends a meeting of the Works Council with the Executive Board twice per year.

(Online) media

Sif values an open relationship with media. We often talk to media on a one-to-one basis and use online and social media (mainly LinkedIn, Instagram and Facebook) to convey our messages.

Trade associations, industry representations

Given that offshore wind is a young industry, societal and political presence is critical to developing and maturing the sector. We are a partner in Offshore Wind Foundation Alliance and Wind Europe to represent our interests with the EU in Brussels and the Dutch government in The Hague. We have joined the IMVO covenant (Renewable Energy Sector Agreement) and the UN Global Compact to show our commitment to our business principles. We actively participate and support the Dutch branch organizations IRO (Organization for Dutch suppliers to Offshore Energy Industry) and NWEA (Dutch Wind Energy Association) to promote and develop the Dutch energy/offshore wind cluster together with the Dutch Government.

Our material themes and management approach

Sif conducted a double materiality assessment in 2023 as part of the annual strategy process aiming the creation of sustainable long term value. We applied our own reporting criteria, that are inspired by ESRS, to all defined KPI's. We were assisted by Deloitte and started the assessment by making a value chain analysis and listing our most important stakeholders. The selection of stakeholders reflects their strategic importance in Sif's long-term value creation model. Applying peer group and regulatory analysis - in which we analyzed the European Sustainability Reporting Standards (ESRS) in relation to Sif's business model - we identified 34 ESG topics that were compiled into a long list. From this long list, 12 material ESG aspects through which the organization may have an impact on the economy, the environment and people were shortlisted. These material ESG aspects were then discussed with the listed stakeholders using personal interviews to prioritize and score significance on a scale from one to five in accordance with the stipulations outlined in ESRS 2 (chapters 4.2 and 5). To determine impact materiality, Sif used thresholds based on scoring on a scale from one to five whereby materiality of a topic was assessed high if the highest consolidated score for the short, medium or long term exceeded 3.0 and as low if it scored less than 3.0. Sif assumes less than one year for short term, two to five years for medium term and more than five years for long term.

The financial materiality was assessed through a workshop with internal stakeholders only, including members of the Executive Board, and based on risk management thresholds. During the financial materiality assessment, stakeholders assessed the financial materiality per topic based on "likelihood" and "impact" in the short, medium and long-term. The highest score resulting from the rating on the short, medium and long term is considered in the double materiality assessment with a view to ensuring Sif can measure and steer on all material topics in a timely manner.

We analysed the financial and reputational impact of these aspects on the company, using short, medium and long-term EBITDA impact to determine materiality. Aspects are material from a financial perspective if the aspect triggers financial effects on the organization, i.e., generates risks or opportunities that are likely to influence the future cash flows in the short, medium or long term.

Of the shortlist of 12, ultimately 8 aspects were classified material from both an impact and a financial perspective with climate change and resource use and circularity rated very high, five topics rated high and the non-GHG air pollution rated medium from an impact perspective only since this was determined to have very low impact on Sif from a financial materiality perspective. Main reason for this is that Sif has established effective procedures to ensure nitrogen emissions remain within the permitted levels. Aspects such as diversity, human rights in the supply chain, water management and affected communities near operations remain on the agenda of Sif's management but are not classified material in the assessment that was performed in 2023. The result of this analysis is shown in the materiality matrix on page 20. For climate change, resource and circularity and talent development, risk and opportunity were separately assessed on their materiality.

Important conclusions we gained from the discussions with stakeholders were that Sif's stakeholders consistently recognize Sif's sustained position in the renewable energy **sector** and the crucial role of health and safety procedures in Sif's operations. Stakeholders suggest and expect a potentially higher impact from Sif in the areas of resource use and circularity and biodiversity and ecosystems in the medium and long term. This is largely due to a growing social interest in re-use and recycling and to the exponential growth in knowledge, technical advancements and emerging business opportunities. Internal stakeholders indicated an increase in the likelihood of a positive financial impact on Sif from talent development efforts and a decrease in the likelihood of a negative financial impact related to health and safety and talent development risks due to ongoing enhancements in employee compensation, training initiatives and work environment. Sif's stakeholders, particularly its management, consider employee conditions as highly relevant from both an impact and a financial materiality perspective. The relatively high employee turnaround negatively impacts Sif's results and requires management attention and efforts to retain staff. This encompasses employees' development through targeted trainings. It also includes working conditions, employees' perception of equality and inclusion, wages, working hours, housing and social security benefits. The successful implementation of these factors is fundamental for Sif's ability to maintain its reputation as an employer of choice.

1. Climate change risk (with sub-topics climate change adaption, climate change mitigation and energy)
2. Climate change opportunity as a leading supplier of the globally preferred monopile foundation for the growth-market of offshore wind energy
3. Resource use and circularity risk (with sub-topics resource inflows including resource use, resource outflows related to products and services and waste)
4. Resource use and circularity opportunity with marshalling and logistic services to the forthcoming decommissioning market
5. Biodiversity and ecosystems (with sub-topics direct impact drivers of biodiversity loss, impact on the state of species, impacts on the extent and condition of ecosystems, impacts on the dependencies on ecosystem services)
6. Non-GHG air pollution (material from impact perspective only) (sub-topic air-pollution)
7. Health and safety (sub-sub-topic health and safety)
8. Talent development risk (sub-sub-topic training and skills development)
9. Talent development opportunity
10. Employee conditions (sub-topic working conditions and sub-sub-topic adequate housing and
    sub-topic equal treatment and opportunities for all)
11. Business ethics and compliance (sub-topic corruption and bribery, corporate culture, protection of whistleblowers, political engagement and management of relationships with suppliers including payment practices)

The CSRD requires Sif to report policies, targets, actions and collect data for each material ESG topic on the basis of ESRS (European Sustainability Reporting Standards), determining Sif's scope of reporting which is mandatory for the full year 2024 annual report.

Within this context, a gap analysis was conducted on the 2022 reporting and it was assessed in discussions with internal stakeholders to what extent already available information could be applied to progress compliance with CSRD. Based on the outcomes of this gap assessment, Sif must further mature in the field of ESG reporting to be fully compliant with the CSRD. Management appreciates the importance and benefits for the company. Like most of our peers, Sif requires additional time and resources to fully implement the new standards effectively. The process of qualifying the gaps as 'policies', 'actions', 'metrics' and 'targets' is in progress and expected to be completed in the first half of 2024. Based on materiality, CSRD reporting timelines and Sif's current maturity per material topic, an overview will be made of prioritized actions that we will report in compliance with CSRD. Finally, a KPI list, including definitions, scope and data-points, will be defined in time for CSRD compliant reporting on 2024. In the meantime, we will continue reporting on the KPIs that we have reported in earlier years and some of which were subject to limited assurance. These KPIs relate to the aspects of climate change, health & safety and employee conditions. At present the following list of goals for 2024 and 2026 that relate to ESG topics applies.

Environmetal, Social and Governance goals	ESRS	goals 2024	goals 2026
Climate Change	E1, E2	Full definition and actionplan per scope in place (including greenhouse gas reduction)	Scope 1-3 reduction according to plan 2024
Climate Change	E1, E2	Shore power business plan approved	Shorepower for seagoing vessels
Climate Change	E1, E2	Complete longlist for hybrid/0 emission inland waterway partners	First hybrid/0 emission inland waterway transport
Climate Change	E1, E2	80% electrical pre-heating Roermond, 100% Rotterdam	Zero use of natural or propane gasses for pre-heating
Climate Change	E1	60% of 19.1 mln KwH required electric power from renewable sources	75% of 65 mln KwH required electric power from renewable sources
Climate Change	E1	All new carlease hybrid or electric	CO2 ladder concept implemented
Climate Change	E1		ISO 50001 certified
Climate Change	E2	Impact analyses and mitigation plan on air, water and soil pollution	
Circularity and resource use	E5	Project manager appointed for Decommissioning (Decom)	Business plan decommissioning approved incl scrap return agreement
Circularity and resource use	E5	Green steel agreement with Dillinger Hütte	First projects booked with green steel
Circularity and resource use	E5	LCA/EDP plan for key partners in place	Green steel agreement with flange supplier
Biodiversity	E4	Participation in joint industrial research & pilot project	
Employee conditions	S1	Exit meetings, employee management system and talent development plan in place	Employee satisfaction score >75%
Employee conditions	S1	Supervisory Board 33% gender diversity	Management Team 33% gender diversity
Employee conditions	S1		65% on Sif payroll
Talent development	S1	Employee training program in place	All employees trained according to Sif academy training program
Health & safety	S1	LTIF < 1.5	LTIF< 0.75
Health & safety	S1	Sick leave < 6.5%	Sick leave < 5.5%
Health & safety	S1	Safety ladder concept implemented	Safety ladder phase 3 achieved
Business ethics & compliance	G1	Revised & implemented Code of conduct and policies	Update & complete policies

Our strategy: safe-smart-size

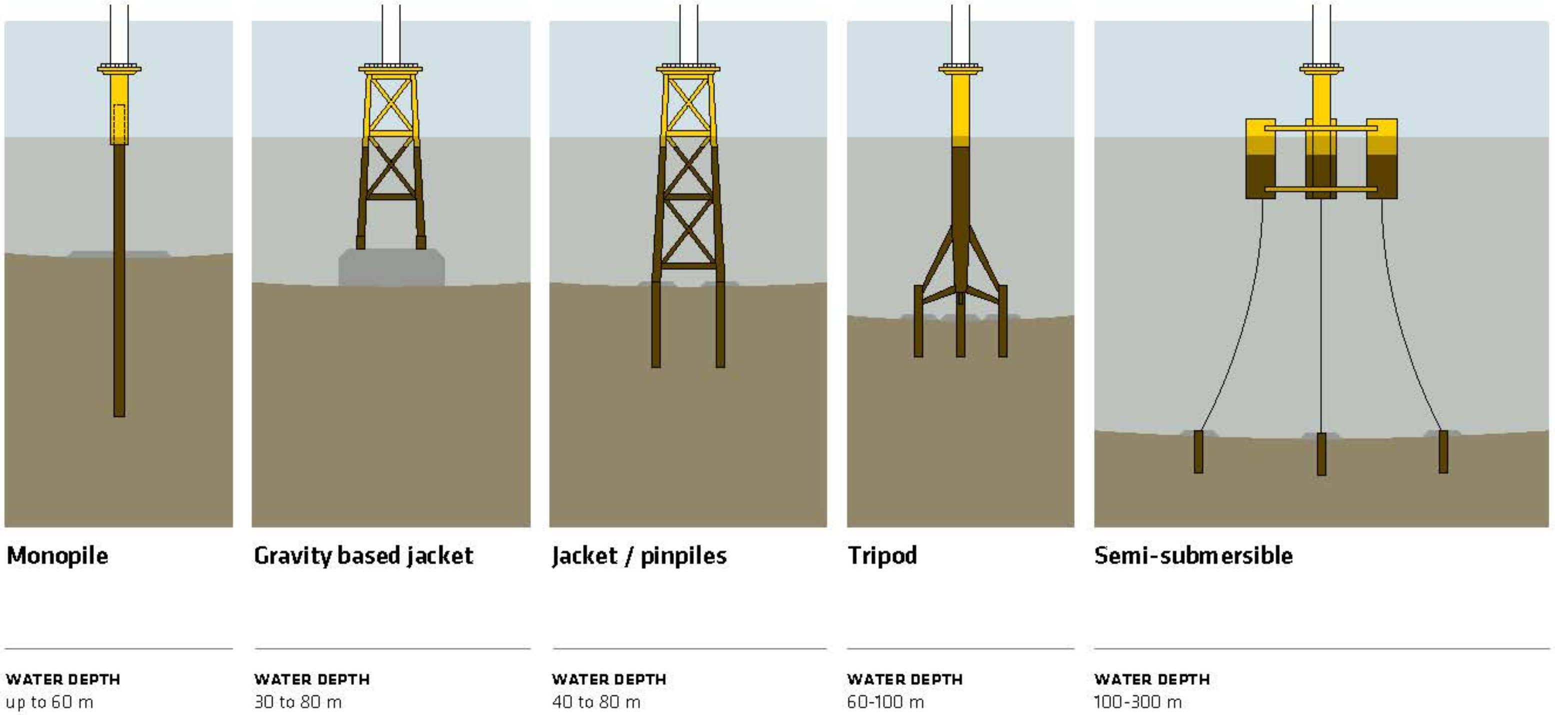
The global energy transition market

In the IEA's Stated Policies Scenario (STEPS), global demand for fossil fuels is expected to reach its peak before 2030 (International Energy Agency, world energy outlook 2023). Although still growing in absolute terms, the share of coal, oil and natural gas in the global energy supply has been stable at around 80% for decades. It however is beginning to edge downwards and is expected to reach 73% by 2030. The share of renewables rising from 14% of total energy use in 2022, can be considered a turning point but a more aggressive drop in fossil fuel consumption will be required to reach global climate goals. Good stewardship calls for a relentless focus on energy transition as the key to a successful mitigation of global warming. It is furthermore beyond doubt that offshore wind will be part of the alternatives for fossil fuels, together with other renewables such as solar, onshore wind, bioenergy and geothermal.

To reach the EU goal for reduction of greenhouse gas emissions by 40% in 2030, targets for reduction are set on member-state level. The use of renewable energy is the main driver of this reduction that needs to more than triple in the years until 2030. Annual additions to the installed global offshore wind capacity are expected to increase five times by 2030 on the 65 GW in 2022. This expectation is highly ambitious but last year's number of Final Investment Decisions on a global level was at a record high.

Sif has and maintains a focus on monopile foundations for offshore wind and aims to capture its share of the required increase in offshore wind capacity. Sif's focus is on the European market for offshore wind as it is a mature market with year-on-year growth and as it is a market highly suitable for the application of monopile foundations. Given the stable characteristics of seabed, water depth and wave impact, approximately 80% of offshore wind foundations in Europe is expected to be monopiles (the diagram below shows an overview of foundation alternatives for offshore wind).

'Our contribution to the energy transition is based on enabling growth of offshore wind capacity and volume (size), on more efficient and highly automated manufacturing (smart) and on increasing safety for our employees and business partners (safe)'



Our place in the offshore wind supply chain

An offshore wind farm is initiated by government ambitions to develop offshore wind energy. In some countries, these ambitions are supported by the presence of an electricity grid connection. The realization of a wind farm can be divided into a development phase (minimum 3 to 4 years for site-surveying, design, financing and contracting of the wind farm), a construction and installation phase (3 to 5 years for contracting, manufacturing and installation of the wind farm parts) and a grid connection phase (1 to 2 years for cable laying and connection of the wind farm). It is decided during the design phase which foundations and turbines to use. Sif is part of the 3-to-5-year construction phase that comprises foundations, towers, nacelles, blades, cables and related transport & installation. Depending on the location, substations and grid connection as well as permit procedures can be part of the process. In this supply chain, Sif is responsible for the manufacturing of the monopile foundations only. For a typical 70 to 90 turbine wind farm the production time for monopiles is between 5 and 7 months.

The monopile and the monopile supply chain

Each monopile is unique since it is designed for its specific location in a wind farm. The design considers the soil conditions, wave and wind impact of the specific location, water depth and characteristics of the selected turbine, bridging the unique conditions of the seabed and water to the more standard size tower and turbines. This makes the monopile the only customized piece of equipment in a wind farm.

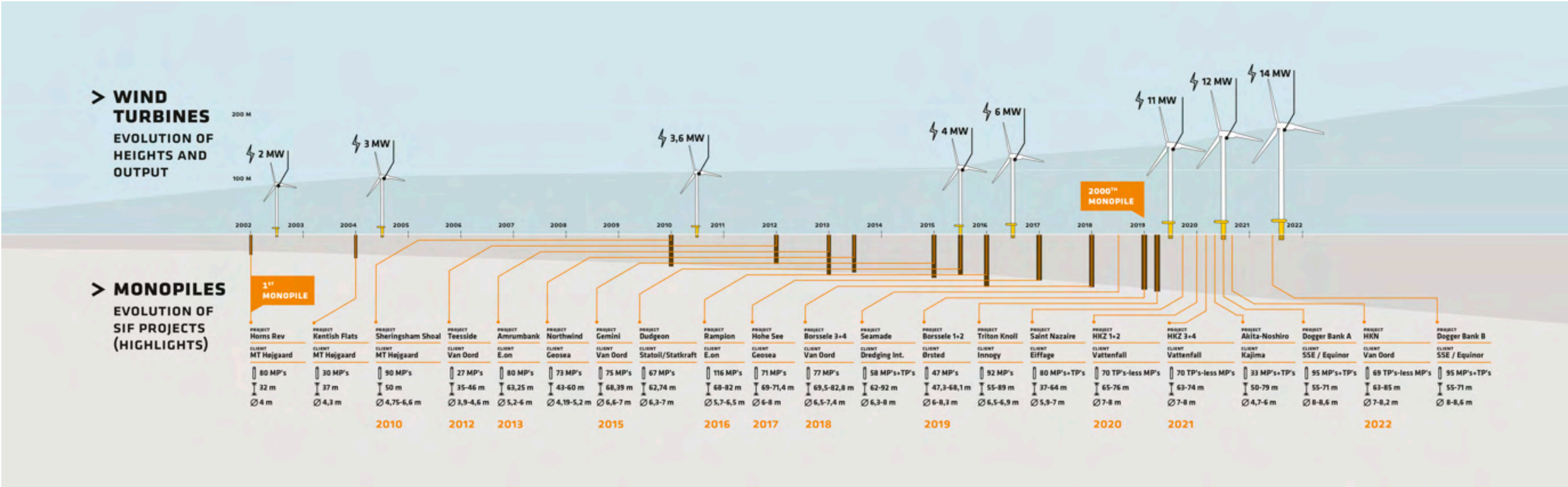
A monopile is a large tubular structure made of large and heavy steel plates, typically with conical sections to reduce from the often bigger bottom diameter to the smaller top section. Unique monopiles are traditionally combined with project specific but for the project standardized transition pieces for which Sif manufactures the primary steel. The transition piece contains secondary steel components such as boat landings, ladders and switchboards that are sensitive to the impact of offshore installation of the foundation. The completed transition piece is installed on the monopile once the monopile is installed in the seabed. Since approximately 5 years, alternative, so called transition-piece-less solutions are applied whereby the individual elements like boat landings etc are installed onto the monopile, once the monopile is installed offshore.

The monopile foundation (including transition piece) is made of rolled and welded steel to which a corrosive protection is applied. Steel plates for Sif are mostly supplied by Dillinger Hütte (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. Our flanges are mostly supplied by Euskal (Spain). Flanges and steel from decommissioned foundations can be recycled as scrap feed-in for green steel production. Our partner Smulders in Hoboken (Belgium) takes care of the outfitting and coating of our transition pieces. Most of the outfitted materials can also be recycled as feed-in for new steel production. Corrosive protection of monopiles is applied in our coating shops at Maasvlakte 2, Rotterdam, by our partner Van Ginkel Groep according to client specifications.

At the end of their lifetime, monopiles become obsolete and a valuable component for scrap – and thus a vital feed-in material for new steel production. Application-orientated recycling assures infinite reuse. Sif and Dillinger have teamed up and signed an agreement to develop a process to recycle steel after decommissioning of wind farms. Sif has teamed up with Ballast Nedam and signed a memorandum of understanding to investigate and develop a turn-key solution for the decommissioning of entire wind farms.

The transportation of cans, cones, sections and transition pieces from Roermond to Maasvlakte Rotterdam or to Hoboken is carried out by Rederij de Jong using barges that are long term and spot market rented or partly Sif-owned. The carbon footprint of Rederij de Jong is included in Sif's scope 1 emissions. The plan is to become carbon neutral on all inland river transports by 2030 at the latest. Sif is investigating both hydrogen and hybrid solutions for the inland water transports of both steel plates and (semi) finished products.

Picture: the diameter of a monopile refers to the diameter at the bottom. Towards the top of the monopile, the diameter reduces to 7.5-8.5 meters using cones to match the diameters of the tower or transition piece



The **size** of the monopile has increased over time as shown in the overview above. While a monopile with 4 meters diameter could support a 2 or 3 MW turbine in early 2000, monopiles with up to 11 meters diameter are required for 15 MW turbines and bigger. From 2025 until 2030, the vast majority of monopiles in Europe is expected to be in the 9 to 11 meters diameter range. For applications along the east coast of the USA, diameter sizes are typically larger due to more difficult soil conditions, greater water depths and more robust requirements to withstand the hurricane season and ocean swell. Monopiles with diameters above 11.5 meters are therefore expected to 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 and took a final investment decision on 13 February 2023 to invest 328 million euro in the extension of its existing manufacturing facilities. The plan comprises expansion of the manufacturing facilities at Maasvlakte 2 Rotterdam for which the works began in April 2023. The expanded manufacturing facilities are scheduled to be ready for testing by the end of July 2024 and fully operational by early January 2025. The investment will increase Sif's theoretical annual manufacturing capacity to 500 kton (reference base of 200, 2,500 tons, 11-meter diameter monopiles per year) or 400kton based on 80% factory load (24/5 with limited weekend shifts). The expansion is financed through a mix of €100 million Advanced Factory Payments from launching customers Ecowende and Empire Offshore Wind, €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 cumulative preference shares to Equinor amounting to €50 million and issuance of common shares in an underwritten rights issue to raise another €50 million. Following the termination of the Empire Wind 2 contract late December 2023, the €30.5 million Advanced Factory Payment that relates to that project is converted into a perpetual bond arrangement. Following the irrevocable grant of the nature permit, the bridge loan from Invest-NL terminated and was transferred to the banking consortium. Based on the launching orders and market visibility, Sif expects 2025 EBITDA to reach €135 million and at least at €160 million for 2026 and beyond, yielding an earn back period of a maximum of 4 years.

The expansion plan will enable Sif to double its contribution per annum to the grid-connected renewable energy capacity from 2026 on base-year 2023. Sif will also endeavour for **smarter** manufacturing and higher quality predictability processes. In whatever we do, Sif will pursue **safety**, both in the manufacturing and marshalling process as when installing and maintaining the monopiles at sea.

Merits of the P11 Investment and Financing Plan

Investment

Capex mln
€328

Start Building
1 April 2023

Fully operational
January 2025

Launching clients
Empire Wind & Eco-wende

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)

AFP and perpetual
€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

Over the past 20 years the growth in offshore wind production has resulted in a decreasing trend in the costs of energy and in a reduction of our carbon footprint. Offshore wind is inevitably part of the future energy-mix equation. Since early 2000, Sif has manufactured more than 2,500 monopiles. Sif aims to contribute to a further increase in the production of robust and affordable energy through offshore wind as a driver for the world's energy transition. We run in total 73 hectares of fully permitted manufacturing plants in Roermond and Maasvlakte 2 Rotterdam in the Netherlands, equipped with specialized production equipment. All permits required for the expansion and the operation of the expanded facilities are in place after the nature permit for the expanded Rotterdam factory was irrevocably granted in January 2024.

Our clients are mostly European energy-majors and in 2023 included amongst others Equinor, SSE, ENI, Aker, Crosswind (Shell/Eneco), EnbW, EMYN and Abel. At the end of 2023, we employed 651 persons of whom 389 on a permanent basis and 262 on a flexible contract. The average number of payroll employees amounted to 386 in 2023 (365 in 2022). Our employees are mainly European citizens. Revenues of the company in 2023 were € 454 million.

> To accelerate the growth of offshore wind power generation as a key driver to the world's energy transition.

Sif's strategy and goals are geared towards the following short-term and longer-term activities to expand and secure our niche position of the leading supplier of total monopile solutions:

1. **We will optimize our manufacturing assets**. It is expected that Europe will remain a growth market for at least the period until 2050. Europe (the EU and UK) aims for more than 160 GW of offshore wind capacity by 2030 compared to the approximately 35 GW that was installed at the end of 2023. To achieve this, we need more and larger turbines and more and larger foundations to carry these units. Given this demand and the supply-demand (im)balance, Sif decided in 2023 to more than double its manufacturing capacity in kilotonnes in the Netherlands to be able to match the requirements to size of tomorrow's turbines. The ability to manufacture 200 monopiles per annum with a diameter of 11 meters and 120 meters length, increases capacity to a theoretical 500 kilotonnes. The manufacturing process will be more industrialized and process-optimized. This will reduce the risk of incidents and rework and will significantly improve the output per manhour. The targeted earn-back period for the investment is a maximum of four years. Through this investment we will:
   a. Increase our contribution to projects that potentially add 4 to 6 GW renewable energy per annum.
   b. Contribute to a reduction of our Lost Time Injury Frequency to below 1.5 in the short term and to below 0.75 in 2026 as well as a reduction of our sick leave to below 6.5% in the short term and to below 5.5% in 2026 .
   c. Contribute to a reduction of carbon footprint by replacing gas pre-heating by electrical pre-heating, by replacing fossil fuel propulsion of all transportation equipment by biodiesel or electrical propulsion and by upgrading the facilities in Roermond. We will decrease our carbon footprint to net zero by 2045 the latest for scopes 1, 2 and 3.
   d. Quadruple our EBITDA 2023 to at least €160 million by 2026.
2. **We will further develop value-added design engineering.** Early engagement with engineering know-how will:
   a. Result in solutions of enhanced quality for clients with less manufacturing and installation expenses.
   b. Lead to responsible and sustainable installation methodologies to promote biodiversity and protect sea life through less noise nuisance.
3. **We will continue optimization of the monopile foundation concept.** This will:

a. Limit offshore installation activities resulting in safer projects by limiting the amount of weather-sensitive offshore installation activities. We will continue to invest in monopile-based foundation alternatives such as Tripod and Guided Monopiles and further develop Skybox during the period until 2026 to achieve full 1:1 certification.

4. **We will revive logistic & marshalling activities.** The expansion activities in Rotterdam have slowed down marshalling activities. With offshore equipment increasing in size, demand for onshore pre-assembly increases. Future decommissioning activities will also require onshore marshalling space with unrestricted access from the sea. We will:
   a. Acquire space for marshalling activities and revive the business in the midterm.
   b. Increase marshalling activities to contribute double digit EBITDA to the group.
5. **We study the feasibility of support to circular solutions for offshore wind farms.** Early-day wind farms are reaching the end of their technical or economical lifetime. Demand for decommissioning (and replacement) is expected to grow. We will:
   a. Develop a business plan for the supply chain for decommissioning, transport and recycling in the period until 2026.
6. **We will focus on specific financial criteria that contribute to the long-term financial health of the company:**
   a. We will observe healthy pay-back and return criteria when making investments.
   b. We will observe a healthy, at least neutral, working capital requirement when tendering for projects.
   c. We will pay an attractive dividend of between 25 and 40% of net earnings in any year, observing the constraints of our lending covenants.
7. **We will make our internal processes more sustainable to be aligned with the products we manufacture and the markets we serve. We contribute to the Sustainable Development Goals 7, 8, 9, 12 and 13 of the United Nations. Our actions for the midterm include:**
   a. Implementing shore power and green transport.
   b. Deepen our partnership with Dillinger Hütte on capturing green steel (up to 70% CO2 reduction) that will leave their new manufacturing plant from 2028 onwards.
   c. Concluding similar agreements for steel flanges and production materials.
   d. 75% of the total power demand of Sif coming from renewable sources by 2026.
   e. Aiming for at least 33% of our Management Team and Supervisory Board to have a diverse background.
   f. Pursuing that 33% of middle management and support staff has a diverse background.
   g. The Sif academy for shopfloor talent development at both locations is educating or refreshing knowledge for 150 colleagues annually.
   h. Compliance to our code of conduct is 100% and monitored and protected on an annual basis.

Financial

Our financial performance

Our reporting is based on IFRS. To assess and monitor Sif's underlying financial performance, the Company's management team uses certain non-IFRS financial measures, 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 also uses 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	2023				2022			
	Wind	Marshalling	Other	Total	Wind	Marshalling	Other	Total
- Revenue from contracts with customers	428,580	3,275	16,217	448,072	352,863	3,422	7,606	363,891
- Operational lease income	-	4,733	1,494	6,227	-	9,084	1,568	10,652
Total revenue	428,580	8,008	17,711	454,299	352,863	12,506	9,174	374,543
- Raw materials	(251,120)	(1)	(1,251)	(252,372)	(191,494)	(46)	(134)	(191,674)
- Subcontracted work and other external charges	(30,145)	0	(558)	(30,703)	(36,104)	(30)	(427)	(36,561)
- Logistic and other project related expenses	(19,697)	(1,515)	(1,023)	(22,235)	(14,097)	(1,368)	(332)	(15,797)
Segment contribution	127,618	6,492	14,879	148,989	111,168	11,062	8,281	130,511
- Direct personnel expenses	(39,263)	(1)	(7,702)	(46,966)	(32,329)	(13)	(5,268)	(37,610)
- Production and general manufacturing expenses	(19,523)	0	(560)	(20,083)	(17,307)	0	(174)	(17,481)
Gross profit	68,832	6,491	6,617	81,940	61,532	11,049	2,839	75,420
Indirect personnel expenses				(26,073)				(21,204)
Depreciation and amortization				(22,897)				(24,226)
Facilities, housing and maintenance				(5,456)				(4,947)
Selling expenses				(892)				(628)
General expenses				(12,718)				(12,305)
Finance costs and impairment losses				(268)				(2,013)
Other income				5				90
Share of profit / (loss) of joint ventures				13				1
Total profit before tax				**13,654**				**10,188**

Revenue, expenses and earnings

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

Because of the above, the 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 including VAT. However, in view of the predominantly cross-border business-to-business nature of the operations, this is not applicable in most cases.

In 2023, the contribution at €149.0 million was more than 14% higher than in the previous year (2022: €130.5 million). The unconditional part of the Empire Wind 2 termination fee is accounted for in this contribution. Of total contribution, €6.5 million was generated by marshaling activities (€11.1 million in 2022) and €7.0 million was generated by engineering activities (€5.5 million in 2022). Contribution per ton throughput, adjusted for Marshalling, Engineering and fees for projects with no production volume, levelled at €669/ton (2022: €674/ton).

The trend reflects the improving pricing environment that was offset by the increased logistics and other project related expenses. The increase in revenues from €375 million to €454 million reflects higher production volumes and higher steel prices. Raw materials (mainly steel) with €252 million were substantially higher in 2023 compared to €192 million in 2022.

After direct personnel expenses, overhead and production & general manufacturing expenses, this resulted in gross profit of €82.0 million (18.0% of total revenues) compared to €75.4 million (20.1% of total revenues) in 2022. Production and general manufacturing expenses include maintenance of machinery, energy consumption and support materials. The 24.9% higher direct personnel expenses relate to the higher-than-forecast amount of flexible workforce we engaged to complete the projects, the training efforts required to bring the additional flexible workers up to speed, labor inflation (caused by amongst others incentive premiums that also applied to the flexible workforce) and inefficiencies due to a tight labor market, high sick leave rates and unexperienced production personnel. Production and general manufacturing expenses increased by €2.6 million, mainly due to higher expenses for the maintenance of our facilities. EBITDA in 2023 arrived at €36.8 million compared to €36.4 million in 2022. Also in 2023, Sif incurred non-recurring expenses related directly to the adjustment and expansion project for production facilities and business acquisitions amounting to €5.4 million (€5.4 million in 2022). If the reported EBITDA of €36.8 million is adjusted for these results, it amounts to €42.2 million (€41.8 million in 2022).

RESULTS FROM OPERATIONS

X € 1,000	2023	2022
Revenues	454,299	374,543
Raw materials	(252,372)	(191,674)
Subcontracted	(30,703)	(36,561)
Logistics and other project related	(22,235)	(15,797)
Contribution	148,989	130,511
Direct personnel	(46,966)	(37,610)
Production, general manufacturing	(20,083)	(17,481)
Gross profit	81,940	75,420
Indirect personnel	(26,073)	(21,204)
Facilities, housing	(5,456)	(4,947)
SG&A	(13,610)	(12,933)
Other income	5	90
EBITDA	36,806	36,426
Depreciation & amortization	(22,897)	(24,226)
Operating result (EBIT)	13,909	12,200
Net financing expenses	(268)	(2,013)
Share in profit of joint ventures	13	1
Income tax	(2,434)	(2,670)
Profit after tax	11,220	7,518
Non-controlling interests	357	301
Profit after tax attributable to the Equity Holders of Sif Holding N.V.	10,863	7,217

Depreciation and amortization

In 2023, Sif invested €180.4 million in tangible and intangible fixed assets (€23.4 million in 2022). This relates to €168.7 million of investments in the expansion of production facilities at Maasvlakte 2, Rotterdam and to €3.6 million of investments in induction equipment to replace the gas torches for the pre-heating of welds to lower our carbon footprint. 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 accounting standard (IAS 17) is approximately €111.9 million on net debt in 2023. The depreciation of the right-of-use assets recognized as a result of IFRS 16 amounts to €10.8 million in 2023.

Tax

Sif has two manufacturing facilities, which are both located in the Netherlands. From a quantity and value perspective, the most important raw materials are steel plates, almost 100% of which are purchased in Germany, flanges that are nearly all purchased in Spain, secondary steel items that are purchased in Belgium and coating services that are purchased in the Netherlands. The value of shaping the steel plates into cylinders, cones and ultimately complete monopile foundations 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 €15.3 million were realized in the Netherlands, €277.3 million in the United Kingdom, €8.2 million in Norway, €47.1 million in France, €89.3 million in Germany, €4.8 million in Belgium, €8.6 million in the USA, €1.9 million in other EU countries and €1.9 million in the rest of the world.

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 through which they are seconded. Sif profits are subject to corporate income tax. In 2023, this amounted to €2.4 million (€2.7 million in 2022). 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 € nil in 2023, due to the taxable loss in the year. Sif’s effective tax burden in 2023 was 17.8% compared to 26.2% in 2022. The difference originates from the revaluation of the deferred tax liabilities, due to lower expected tax rates in the years of reversal of the temporary differences due to the tax rate discounts.

Financial expenses

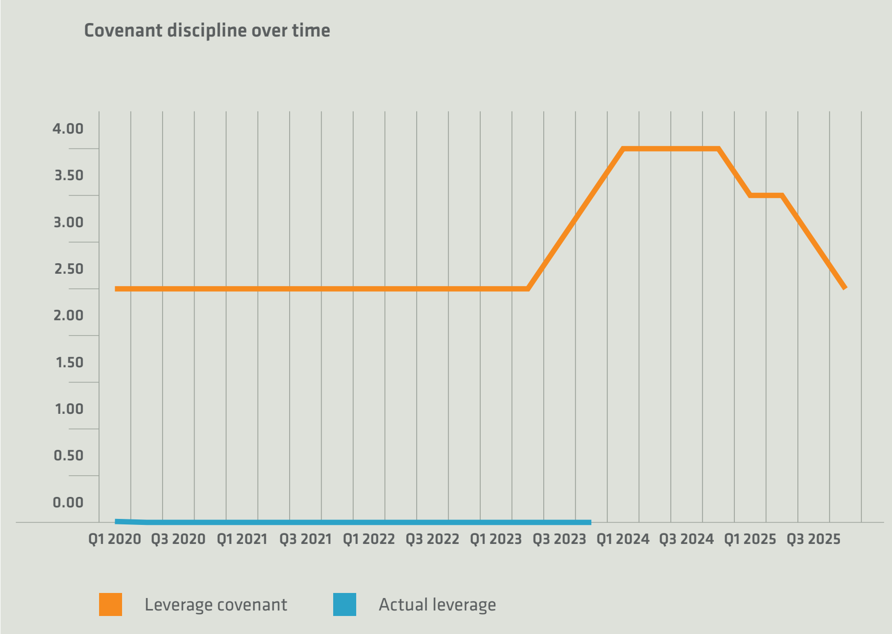
Sif applies financial resources that its equity owners provide, that lenders provide and that business partners provide. Sif aims for optimal financing at the lowest cost of capital with a specific acceptable risk. These financial sources are balanced through the dividend policy and banking arrangements,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

Sif had debt and guarantee facilities in 2023 with Invest-NL capital N.V, and with a banking consortium comprising ABN AMRO Bank N.V., Euler-Hermes, ING Bank N.V., Coöperatieve Rabobank U.A., Tokio Marine Europe SA, AKA Ausfuhrkredit-Gesellschaft mbH, DNB Bank ASA and DNB (UK) Ltd, with 5 June 2029 as the expiry date. Interest on the revolving credit facility is based on Euribor plus a surcharge that depends on quarterly covenant levels. Margins on the term loan do not depend on covenant levels. 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. These sustainability targets were not met in 2023. Therefore, no discount was applied.

The facilities comprise:

	Facility
Term loan facility	€81 million
Revolving credit facility	€50 million
Committed guarantee facility	€350 million
Leverage covenant*	Ranging from max 4.00 in 2024 to max 2.5 from 31 December 2025 onwards
Solvency*	Ranging from min 25% in 2024 to min 35% from 31 December 2025 onwards
*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 2022), with the covenant at 3.5. Solvency was 43.8% as at 31 December 2023 (41.0% as at 31 December 2022), with the covenant at 30%.



Net working capital, liquidity, cash and cash flows

Net working capital amounted to -/-€133.4 million at the end of 2023 compared to -/-€81.5 million at the end of 2022. Cash from operations depends on invoicing milestones agreed with customers, subcontractors and suppliers and did not affect revenue or earnings recognition. Cash from operations includes the cash receipt related to the Advance Factory Payments (€100 million), the conversion of part of that amount (€30.5 million) to a perpetual bond is a non-cash transaction. The balance of cash and cash equivalents at the end of 2023 amounted to €131.4 million compared to €89.8 million at the end of 2022. Even though Sif did not use financial instruments in 2023, 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	2023	2022	2021	2020
Net cash from operating activities	106,483	50,360	91,230	34,336
Net cash from investing activities	(169,858)	(20,283)	(11,493)	(4,927)
Net cash from financing activities	104,932	(13,446)	(9,181)	(28,343)
Cash and cash equivalents at year end	131,389	89,832	73,201	2,645

Net debt, Solvency

Net debt at the end of 2023 was -/-€111.5 million (-/-€89.8 million end of 2022) on an ex-IFRS 16 basis and €0.4 million (€17.6 million end of 2022) under IFRS16 reporting. The lease of land at Maasvlakte 2 Rotterdam largely determines the difference. Lease-commitments are amortized on the balance sheet. At the end of 2023, consolidated tangible net worth amounted to €214.3 million on an ex-IFRS 16 consolidated balance sheet total (adjusted for intangible assets, upward revaluation of assets and advance factory payments converted into perpetual bond instruments) of €489.3 million (solvency of 43.8%). The solvency at the end of 2022 was based on a slightly different definition, total equity (ex IFRS 16) of €101.9 million on a assets total (ex IFRS 16) of €248.8 million (solvency of 41.0%).

Financial outlook

The drive for larger MW capacity per turbine and increase of the number of turbines 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 507 kton extends well into 2026 with an estimated production output of 165 kton in 2024, approximately 250 kton in 2025 and the remainder in 2026. Market conditions remain favorable, tender activity is high, and demand is expected to increase further, based on the ambitions of governments around the globe.

Adjusted EBITDA for 2024 is expected to arrive at approximately €35 million. Once the expanded facilities start producing, projected EBITDA is expected to increase to €135 million for 2025 and to at least €160 million for 2026 and the years beyond. Depreciation and amortization of €22.9 million in 2023 will increase to an annual depreciation close to €50 million from 2025.

Social

Healthy and safe working conditions are 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 target zero incidents.

In 2023 we registered a total of 22 recordable injuries (**"TRI"**) of which 10 incidents resulted in lost time and 12 resulted in restricted work or required medical treatment. Lost time injury frequency (**"LTIF"**), our key performance indicator for safety, rose to 8.28 per million hours worked in 2023 (6.50 in 2022). In addition 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 required follow-up actions at the workplace. TRIF decreased to 18.21 per million hours worked in 2023 (18.56 in 2022). We recorded a total of 65 incidents (42 in 2022) of which 18 at our Maasvlakte plant and 47 in Roermond (Total Injury Frequency, "**TIF**"). Of these incidents, 10 resulted in lost time, 2 in restricted work, 10 in required medical treatment and 43 in required first aid. Most injuries involved arms, hands or fingers and heads or eyes.

SAFETY STATISTICS

	2023	2022	2021	2020
fatalities	0	0	0	0
LTI	10	7	5	3
TRI	22	20	20	15
LTIF (per mln hours worked)	8.28	6.5	6.50	2.48
TRIF (per mln hours worked)	18.21	18.56	19.94	9.93
Sickness leave %	6.86	7.89	5.10	5.50

The root cause for most incidents in 2023 related to deviating from working procedures or instructions, followed by inadequate workplace layout and by situations in which two or more operations or activities occur at the same time and place in a manufacturing facility. Corrective measures were defined by the departments involved, also in order to prevent reoccurrence in the future. Incidents are reported in EHS software ('Capptions'), with actions assigned to specific employees and monitored on follow-up. In 2023, 266 unsafe situations were reported in Capptions compared to 139 in 2022, illustrating an increased willingness to record safety incidents or hazards. These unsafe situations were reported in addition to 4,178 safety observations (compared to 3,186 in 2022).

Our safety statistics in 2023 were reason for concern, both internally and for external parties. Management introduced seven lifesaving rules, placed safety at the top of every meeting agenda, intensified on-the-job indoctrination and organized two two-day safety standdowns to increase safety awareness. In most of the incidents, we noticed a relation with frequent changes in staff or language differences causing misunderstandings. Training and language proficiency requirements should contribute to better safety awareness. After the safety standdowns, the number of incidents reduced drastically.

SAFETY STANDDOWN MAY 2023

The company emergency services ('bedrijfshulpverlening') were trained and tested in 2023. As part of the training, five simulation trainings with fire brigade and several evacuation drills were organized.

In 2023, sickness absence decreased to 6.9% for the full year (7.9% full year 2022). This is still higher than historic numbers at Sif and higher than the Q3 2023 CBS number of 5.5% for the Dutch industrial sector. It calls for a closer look and action for improvement. Almost 50% of sick leave relates to leave for a longer period (between 43 days and one year), which was higher than in previous years. Sick leave relating to short, middle and extra-long leave was in line with the statistics in previous years. The reporting frequency for sickness at Sif lies above 1.5, while the sector average lies between 1 and 1.5. This could imply the reporting threshold is too low.

'Wind is our primary non-fossil energy solution and we aim to use green steel as the material for plates and flanges.'

Environmental

We engineer and manufacture mission-critical components for clean energy production at SIf. If we multiply the number of monopiles and/or transition pieces produced by the turbine capacities that are installed or to be installed, Sif has thus far contributed to a capacity of almost 12,000 MW of clean, sustainable wind energy. In 2023, Sif completed 141 monopiles and primary steel for 182 transition pieces to serve as foundations for potentially 2,622 MW (1,954 MW in 2022) installed offshore wind capacity. These foundations were manufactured for projects including Dogger Bank, Noirmoutier and He Dreiht. Compared to 2022, activity in marshalling and logistics was lower, which relates to a lack of available land since that is needed for building activities for the expansion plans. Besides the contribution to the energy transition, Sif has also examined its own carbon footprint and environmental impact. A delineation of the targets of the Company in respect of sustainability aspects is shown in the table on page 21.

In 2023, three environmental incidents at Maasvlakte were reported to the authorities ("**DCMR**"). All incidents related to leakage and spills of liquids and were cleaned and settled according to instructions.

The most important effects of the activities of the company and its value chain relate to the nitrogen deposition and carbon footprint of the production of the steel, the transportation of the steel from Saarland to Roermond, the transportation of fabricated products from Roermond to Rotterdam and Hoboken and to the manufacturing of the foundations in both Roermond and Rotterdam. Ambitions to reduce both the carbon footprint and nitrogen deposition are shown in the table on page 21 first production of green steel from 2028, carbon neutral production of steel from 2045 by supplier Dillinger Hütte and first carbon neutral inland transportation of steel plates and (semi-finished) products from 2026.

While end-of-lifetime solutions for the foundations are not yet currently relevant, they will be in 5 to 10 years' time when replacement of offshore wind farms is due. The supply chain has ambitions for full circular production and re-use of steel.

The installation of monopile foundations may have a (temporary) disturbing effect on the seabed, sea life and biodiversity, caused by factors including the noise of the piling works at sea. While this does not form part of Sif's scope, Sif does participate in initiatives to investigate installation methods with a lower noise or disturbing effect.

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

The consumption of energy is largely determined by welding volumes- that depend on the wall thicknesses of products, product diameters and product lengths - weather impact and production flaws. We aim to reduce the consumption of non-renewable natural resources (fossil fuels) per kton production for both manufacturing and logistics. We primarily look for replacement of fossil resources with sustainably generated electricity, biofuels or hydrogen. We also pursue further reduction, repurposing and re-use 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	2023	2022	2021	2020	2019
Steel (Kton)	192	169	171	164	185
Mega joules (fossil fuels)	309,907	411,015	403,362	341,210	373,458
Natural Gas (cubic meters)	2,852	3,459	2,826	2,239	2,861
Propane (kilogrammes)	3,630	4,835	5,098	4,402	4,576
Electricity (megawatthour))	99.7	114.6	101.3	103.4	104.8
Water (cubic meters)	54.9	43.7	59.3	40.8	42.2
Oxygen (cubic meters)	7.5	10.6	10.5	8.7	9.7
Welding powder (ton)	10.6	10.7	9.4	10.0	10.1
Welding wire (ton)	9.4	10.2	8.6	8.8	9.0
Scrap metal (ton)	34.4	22.5	22.9	33.0	31.5

Table: showing the consumption per kton manufactured

We use water mainly for preservation activities such as cleaning before blasting and coating and for the cleaning of finished products before they are delivered to the customer. Consumption per kton finished product increased by 24.9% in 2023 from 43.7m3/kton in 2022 to 54.6 m3/kton in 2023. Total use of water in 2023 was 10,543 m3 and this relates primarily to obligations under the contracts with clients to clean finished products before FAT inspection and load-out.

In 2023, Sif had 4.8% residual waste per kton steel manufactured compared to 3.6% in 2022. Of all waste materials, 97.9% was recycled in 2023 compared to 97.7% in 2022. The main cause for the higher percentage of waste lies in the site cleaning operation that resulted in disposal of stored scrap metal. All scrap steel and welding slag are 100% recycled.

WASTE AND RESIDUALS IN TONS	2023	2022	2021	2020	2019
Steel	6,602	3,805	3,910	5,413	5,822
welding slag	2,144	1,917	1,627	1,677	1,903
industrial waste	312	229	313	254	377
wood	310	107	141	208	379
paper	44	25	21	18	17
oil	4	1	4	5	5
chemical waste	14	5	12	8	6

In 2023, Sif used 59,536 gigajoule energy in its production process (69,461 gigajoule in 2022). The strong decrease relates to replacement of gas pre-heating by induction and reduced use of propane in coating halls. The use of propane in coating halls largely depends on the coating specifications and on environmental conditions. The use of propane increased when determined on the number of kilotonnes of steel manufactured as shown in the table above. A more representative ratio would be the use of natural gas and propane per kilogram welding material. The target for natural gas for 2023 was 0.65 cubic meter per kilogram welding material. Actual use was 0.83 in 2022 and 0.67 in 2023. The 2023 target for propane was 0.10 kilogram per kilogram welding material. Actual use was 0.57 in 2022 and 0.45 in 2023. The 2023 targets were not met because not all induction equipment was delivered and installed on time.

CARBON FOOTPRINT

	2023	2022	2021	2020	2019
Production Kton	192	169	171	164	185
CO_2 emission					
Scope 1 - Direct emissions	3,267	3,479	3,551	3,020	4,064
Scope 2 - indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling	10,258	10,231	9,628	9,429	10,776
- Compensation by Guarantees of Origin	(7,070)	(3,496)	(5,919)	(9,047)	(10,776)
Total Scope 2	3,188	6,735	3,709	382	-
Scope 3 - other indirect emissions	210	208	118	136	328
Sum gross CO_2 emission	**6,665**	**10,422**	**7,378**	**3,538**	**4,392**
Net CO_2 emission	**6,665**	**10,422**	**7,378**	**3,538**	**4,392**
Gross kg per Kton	34.7	61.7	43.1	21.6	23.7

In 2022, Sif decided to compensate only the reported CO_2 emissions in relation to scope 2 with guaranties of origin of wind energy to bring the 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, guaranties of origin are generated by the Wind Turbine Generator on Sif's premises. The reported CO_2 emissions for 2018 up to 2022 have been adjusted to reflect this change and the reporting criteria have been updated (section 'Reporting Criteria') accordingly.

CO_2 emission decreased in 2023 compared to the previous year mainly thanks to compensation with guarantees of origin for the Maasvlakte 2 turbine. This results in a reduction of 3,574 mT CO_2 on the 2022 footprint. CO_2 emission also decreased from using Diesel Hydrotreated Vegetable Oil (HVO) 100 instead of Diesel B7 which results in a reduction of 515 mT CO_2 for 2023. And finally, CO_2 emission decreased by using induction pre-heating instead of gas pre-heating. Total carbon emission for scope 1 was 3,267 mT (compared to 3,497 mT in 2022), for scope 2 this was 3,188 mT (compared to 6,735 mT in 2022) and for scope 3 this included 210 mT as a result of business travel, compared to 208 mT in 2022. Other scope 3 emissions are currently not reported. CO_2 emission for 2023 was higher than anticipated due to the 4.5-month maintenance-related standstill of the turbine on Sif's premises. Because of this, guarantees of origin could not be used for an estimated 3,200 mT CO_2 compensation of electricity consumption. Sif pursues reporting on the full scope 3 emissions and is talking to its main suppliers about the provision of the necessary information, also on the present status of the plans to reduce to the net zero target by 2045 the latest.

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

We aim for 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 specifically as shown in the figure on page 46 We explain how we contributed to these five SDGs of the United Nations by serving our markets and applying our resources within the constraints and principles of our Code of Conduct.

EU taxonomy

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. 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 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. 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 six objectives.

Sif has completed an assessment of its activities that are eligible for, and aligned with, the EU taxonomy. For assessing the extent of alignment we reviewed the criteria in article 3 of the Regulation (EU) 2022/852 and the associated technical screening criteria included in the Delegated Acts. The criteria used for the EU Taxonomy information are the Regulation (EU) 2020/852 as supplemented with Commission Delegated Regulation (EU) 2021/2139, Commission Delegated Regulation (EU) 2021/2178, Commission Delegated Regulation (EU) 2023/2485 and Commission Delegated Regulation (EU) 2023/2486. Details of the assessment and definitions of the specific KPIs 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 six objectives. The eligible economic activities of Sif are:

> CCM 3.1 Manufacture of renewable energy technologies (production of monopiles, transition pieces and pin piles for the offshore wind market, NACE code C25.11)
> CCM 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 are 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- 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 Do No Significant Harm (DNSH) criteria results in an '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 KPIs - 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 the section 'EU taxonomy assessment details.'

Conclusion of the assessment

In 2023, in total 95% of revenue was generated by business activities which are EU Taxonomy eligible (CCM 3.1 Manufacture of renewable energy technologies and CCM 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 yet aligned with the EU Taxonomy. 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). Sif uses various types of coating and substances for weld testing which can vary project by project, and Sif is in the process of identifying the relevant substances for future use.

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 yet 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 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 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 the six environmental objectives.
- It meets the substantial contribution criteria in the EU taxonomy regulation for this specific eenvironmental 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 the six environmental objectives.
- 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 the six environmental objectives and, therefore, no criteria have been developed. The rationale of the European Commission's policy is that such activities may not have a significant impact on the six environmental objectives 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, amortization and any re-measurements. The capex covers 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 had six activities in the financial year 2023:

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 CCM 3.1 "Manufacture of renewable energy technologies".
2. The production of piles and legs for the offshore oil and gas market. While this activity is entirely mapped to NACE code C25.11 "Manufacture of metal structures and parts of structures", it is not EU taxonomy eligible because it relates to the oil and gas market.
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, the 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 CCM 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 untill 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, the activities in this area are not EU taxonomy eligible.
6. Transferring the Sif trademark and intellectual property. Sif signed a "cooperation, support and license agreement" with GS Entec Corp whereby Sif grants GS Entec the right to use the Sif trademark and assists GS Entec in the conversion of its production facility to produce monopiles, by transferring Sif intellectual property. This activity is mapped to NACE code M71.12 and EU Taxonomy eligible as activity CCM 9.1 "Close to market research, development and innovation".

Sif therefore has two EU Taxonomy eligible activities:

- CCM 3.1 Manufacture of renewable energy technologies (Production of monopiles, transition pieces and pinpiles for the offshore wind market)
- CCM 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 to those economic activities is assessed.

Revenue eligibility

The allocation of the portion of revenue to the economic activities performed is 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 and the last activities identified above. The fifth activity is accounted for in a separate legal entity.

Capital expenditure - eligibility

The eligibility scan for capital expenditures in 2023 (Capex additions) is performed in line with the eligibility scan for revenue. It was determined for each of the additions whether a specific allocation to an economic activity as described above was possible. 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.

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 for all projects in these activities. Sif's alignment assessment includes the analysis of all substantial contribution criteria and Do No Significant Harm criteria for the relevant objectives.

For the assessment and disclosures in 2023, Sif has allocated all capex and opex to the economic activities based on the eligibility percentages of the revenue KPI.

Sif has issued environmentally sustainable loans with the purpose of financing specific identified Taxonomy-aligned activities.

Disclosure tables

In 2023, 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 significant 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	Tax-onomy code	Absolute revenue 2023	Proportion of revenue 2023	Climate change mitiga-tion	Climate change adapta-tion	Water and marine resourc es	Circu-lar eco-nomy	Pollu-tion	Biod-iversity and ecosys-tems	Climate change mitiga-tion	Climate change adapta-tion	Water and marine resourc es	Circu-lar eco-nomy	Pollu-tion	Bio-diversit y and ecosys-tems	Min-imum safe-guards	Taxonomy aligned proportion of Revenue	Enablin g activ-ity	Trans-itional activity
		€ '000	%	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy eligible activities																			
A.1 Environmental sustainable activities (Taxonomy-aligned)		-	0%														0%		
Revenue of environmentally sustainable activities (Taxonomy-aligned)		-	**0%**														**0%**		
Of which enabling		-	**0%**																
Of which transitional		-	**0%**																
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
CCM 3.1 Manufacture of renewable energy technologies	C25.11	428,580	94%	N/EL	N	N	N	N	N		Y	Y	Y	N	Y	N	0%		
CCM 9.1 Close to market research, development and innovation	M71.12	5,715	1%	N/EL	N	N	N	N	N		Y	Y	Y	Y	Y	N	0%		
Revenue of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		**434,295**	**95%**	**95%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**		
Total revenue of Taxonomy eligible activities (A.1+A.2)		**434,295**	**95%**	**95%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**		
B. Taxonomy-non-eligible activities																			
Revenue of Taxonomy non-eligible activities		20,004	5%																
Total (A+B)		**454,299**	**100%**																

PROPORTION OF CAPEX ASSOCIATED WITH EU TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

Economic activities	Taxonomy code	Absolute Capex 2023	Proportion of Capex 2023	Substantial contribution to: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Do no significant harm to: 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;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy eligible activities																			
A.1 Environmental sustainable activities (Taxonomy-aligned)		-	0%														0%		
Capex of environmentally sustainable activities (Taxonomy-aligned)		**-**	**0%**														**0%**		
Of which enabling		**-**	**0%**																
Of which transitional		**-**	**0%**																
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
CCM 3.1 Manufacture of renewable energy technologies	C25.11	188,923	100%	N/EL	N	N	N	N	N		Y	Y	Y	N	Y	N	0%		
CCM 9.1 Close to market research, development and innovation	M71.12	154	0%	N/EL	N	N	N	N	N		Y	Y	Y	Y	Y	N	0%		
Capex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		**189,077**	**100%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**		
Total Capex of Taxonomy eligible activities (A.1+A.2)		189,077	100%	100%	0%	0%	0%	0%	0%								0%		
B. Taxonomy-non-eligible activities																			
Capex of Taxonomy non-eligible activities		32	0%																
Total (A+B)		189,109	100%																

PROPORTION OF OPEX ASSOCIATED WITH EU TAXONOMY-ALIGNED ECONOMIC ACTIVITIES

				Substantial contribution to						Do no significant harm to									
Economic activities	Taxonomy code	Absolute Opex 2023	Proportion of Opex 2023	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	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;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. Taxonomy eligible activities																			
A.1 Environmental sustainable activities (Taxonomy-aligned)		-	0%														0%		
Opex of environmentally sustainable activities (Taxonomy-aligned)		-	**0%**														**0%**		
Of which enabling		-	**0%**																
Of which transitional		-	**0%**																
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
CCM 3.1 Manufacture of renewable energy technologies	C25.11	14,174	96%	N/EL	N	N	N	N	N		Y	Y	Y	N	Y	N	0%		
CCM 9.1 Close to market research, development and innovation	M71.12	72	1%	N/EL	N	N	N	N	N		Y	Y	Y	Y	Y	N	0%		
Opex of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		**14,245**	**97%**	**97%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**		
Total Opex of Taxonomy eligible activities (A.1+A.2)		**14,245**	**97%**	**97%**	**0%**	**0%**	**0%**	**0%**	**0%**								**0%**		
B. Taxonomy-non-eligible activities																			
Opex of Taxonomy non-eligible activities		457	3%																
Total (A+B)		**14,703**	**100%**																

Our commitment to the Sustainable Development Goals

Commitment	Goals 2023	Realized 2023	Impact
	Participate in projects resulting in renewable energy capacity	Manufactured foundations for 2,622 GW offshore wind capacity	
	Reduce carbon footprint	Started expansion of manufacturing facilities to accelerate energy transition, improve safety & limit impact on the environment	
		Replaced 70% of Gas-preheating stations by electrical stations	
	Develop integrated transition piece alternatives	Successfully tested Skybox solutions that limit offshore installation	
	Pursue circular production of monopile foundations	Founded joint ventures for development of decommissioning and recycling solutions	
	Improve safety statistics to < 1.5 LTIF and decrease sick leave to <5%	Safety standstill in May 2023 was start of improvement on 12 month rolling basis	
	Limit waste to <5%	97.9% of waste recycled	

corporate governance

Shares and shareholders

This paragraph includes the information that is referred to under Article 1, paragraph one of the Decree Implementing Article 10 of the Takeover Directive.

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. The telephone number is +31 475 385777 and website address www.sif-group.com.

Sif is included in the Commercial Trade Register under number 1301 6026. Its legal entry identifier code ('LEI') is 724500 JOBPD 5CLHCK040.

Sif's authorized share capital is €25,000,000 divided into 115,000,000 ordinary shares with nominal value of €0.20 each and 200,000,000 preference shares with nominal value of €0.01 each. At the 2023 year-end, 29,888,612 ordinary shares and 50,000 preference shares had been issued. Each ordinary share bears 20 voting rights, each preference share bears 1 voting right. In total 597,822,240 votes can be cast during General Meetings of Shareholders. No depositary receipts were issued on the share capital of the company.

Sif's ordinary shares are listed on the Euronext Amsterdam stock exchange with ticker SIFG.AS and ISIN code NL011660485. All issued shares are fully paid-up. Ordinary shares are entered into a collective deposit by transfer to Euroclear Nederland or an intermediary. Euroclear is listed in the shareholders' register held by the Company. All 50,000 preference shares were issued to Equinor Renewables B.V., who is listed in the shareholder's register held by the company. Sif's preference shares are not listed on a stock exchange. The company has a call option to buy back the preference shares until 1 July 2028. If the option is not called by 1 July 2028, Equinor Renewables B.V. has the right to convert the preference share to ordinary shares at €12 per share.

SHARE INFORMATION

	2023	2022	2021	2020	2019
Closing price at year-end in €	10.44	11.60	12.24	16.54	12.50
Highest price during the year in €	15.24	13.32	19.08	17.16	14.72
Lowest price during the year in €	8.56	9.19	11.18	7.50	8.72
Average daily trading in number of shares	17,124	23,908	24,912	44,915	40,766
Market capitalization at year-end in € 1,000,000	312	296	312	422	319
Earnings per share in €	0.32	0.28	0.45	0.29	0.22
Dividend per ordinary share in €	-	-	0.19	0.12	-
Weighted average number of shares outstanding (in 1,000)	27,787	25,501	25,501	25,501	25,501
Total dividend in € 1,000	-	-	4,845	3,060	-

The free float in Sif's ordinary shares is approximately 40% of the issued shares as at 31 December 2023. 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 Financiéle Markten (Netherlands Authority for the Financial Markets/AFM). The AFM should subsequently be notified again when the substantial holdings (or short position) reaches, exceeds or falls below a certain threshold. Thresholds for reporting are 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%. The 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. These reported percentages are not necessarily the actual percentages held.

Shareholder	Distribution	Date of disclosure	Capital interest	Voting interest
Equinor ASA	Indirectly potential	July 2023	13.94%	0.70%
Schroders Plc	Indirectly real	September 2022		5.00%
Grachtenheer 10 BV	Directly real	March 2022	49.20%	49.20%
Moneta Asset Management	Directly real	May 2020	5.00%	5.00%
Egeria Capital Holding BV	Directly real	April 2017	6.46%	6.46%

REGULATORY FILING OF SHARE OWNERSHIP AT THE END OF 2023

Sif's preference shares are subject to a disbursement of dividend as follows:

- 5% for the period until 1 July 2025
- 5.5% for the period 1 July 2025-30 June 2026
- 6.25% for the period 1 July 2026-30 June 2027
- 7% for the period 1 July 2027-30 June 2028
- 8% for the period from 1 July 2028

Subject to the approval of the Supervisory Board, the Executive Board transfers as much of the remaining profit to reserves as it deems necessary. Insofar as the profit is not transferred to reserves subject to the provisions of the previous sentence, it is available to the Annual General Meeting of Shareholders in whole or in part for transfer to the reserves or in whole or in part for distribution to the shareholders in proportion to the shares owned. All ordinary shares are entitled to a dividend pay-out of Sif's profit reserves. Sif applies a dividend policy for the holders of its ordinary shares in which the company expects to pay a dividend in line with Sif's medium to long term financial performance. The Company aims to increase dividends-per-ordinary-share over time. Sif envisages that, because of this policy, the dividend pay-out ratio for ordinary shares will range between 25-40% of the Group's profit in any given year. For the duration of the construction of the new factory at Maasvlakte 2, pay-out of a dividend to holders of ordinary shares is prohibited under the term loan arrangement.

The most important rights and obligations of the Annual General Meeting of Shareholders are the issue of additional shares or the granting of rights for 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 Board and Supervisory Board members and the appointment of the auditor.

Sif endorses the principles of the Dutch Corporate Governance Code 2022 (**'Code'**) and applies most of the best practice provisions of the Code. An explanation is included in Sif's website under the corporate governance paragraph.

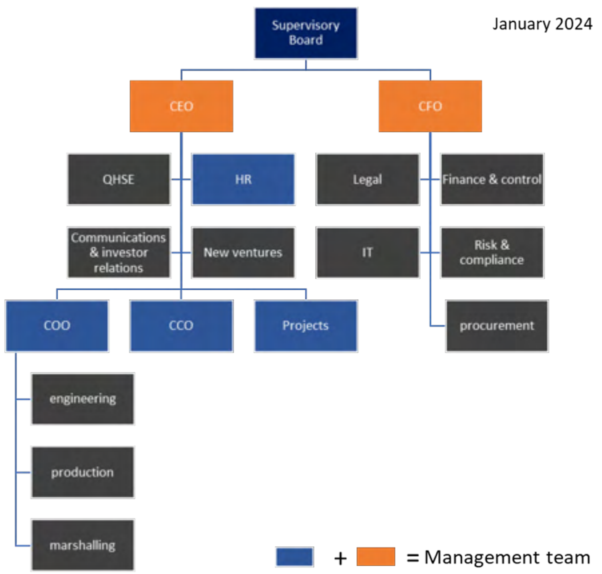
The best practice provisions of the Code with which Sif does not comply are as follows (paragraph numbers refer to the best practice provisions of the Corporate Governance Code as revised in December 2022):

- 1.3.1-1.3.3 Internal audit function.
- 1.4.1 Risk management accountability.

- 2.2.5 Committees. The Supervisory Board has not installed a Selection & Appointment Committee.
- 2.3.10 Company Secretary.
- 4.2.3 Meetings and presentations. Group structure and organization

Sif is subject to the Large Company Regime ('volledig structuurregime') in accordance with Dutch law and has a two-tier board structure. The Executive Board is responsible and accountable for the management of Sif and comprises two Executive Board members, one appointed CEO, and one appointed CFO.
A Supervisory Board supervises and advises the Executive Board and comprises five Supervisory Board members.

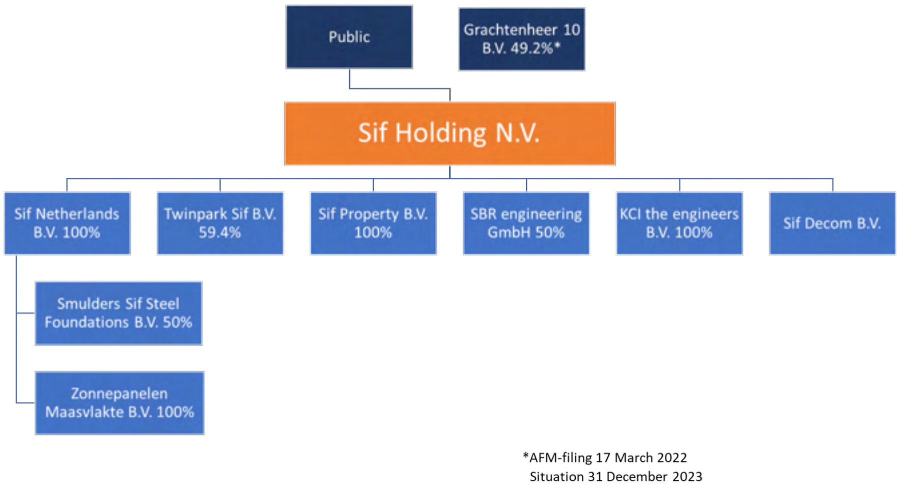
ORGANIZATIONAL STRUCTURE



Our way of working is based on teamwork and collaboration whereby the areas of attention for the CEO are health, safety, quality & environment, business (commercial, production, projects and innovation & business development), human resources, engineering, marketing & communications. The areas of attention for the CFO are finance & control, procurement, tax, risk & compliance, legal and IT. The Management Team is in charge of the day-to-day operational management of the company. In addition to the members of the Executive Board, the Management Team consists of the Chief Commercial Officer (CCO), the Chief Operational Officer (COO), the Human Resource Director (HRD) and the Projects Director (PD).

This management structure applies to all activities that Sif develops and that are organized along legal lines as follows:

LEGAL STRUCTURE



SSSF B.V. is a cooperation between Sif and Smulders for specific projects, for the supply of monopiles and transition pieces for contractual structures in which Sif and Smulders operate as joined and several liable contract partners to the client.

SBR engineering GmbH serves the development of special purpose welding equipment.

Twinpark SIF B.V. operates and exploits the GE Haliade X wind turbine at Maasvlakte 2, Rotterdam.

KCI the engineers B.V. offers engineering skills, both inhouse and for external clients.

Sif Decom B.V. is founded in relation to potential future decommissioning of (technically or economically) depreciated wind farms that must be removed from the seabed and recycled into new products.

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 internal rules are published on Sif's website under ESG/governance named 'Executive Board rules June 2023'. The Supervisory Board supervises the implementation of the strategy for sustainable long-term value creation and advises the Executive Board on the day-to-day management of the Company. In performing its duties, 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 Sif's website under ESG/governance named 'Supervisory Board rules June 2023'. These rules imply that certain rights have been delegated by the annual General Meeting of Shareholders to the Executive and Supervisory Boards. This applies to the designation of the Executive Board, with the Supervisory Board's approval, as the body authorized to issue or acquire shares or to limit pre-emptive rights on newly issued shares. The scope and duration of these powers are stipulated by the General Meeting of Shareholders and reflected in the minutes of meeting of the annual General Meeting of Shareholders that are published on the website of Sif (agm2023minutesofmeeting.pdf (sif-group.com)).

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 and in the relationship agreement of the company with its largest shareholder Grachtenheer 10 B.V. 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. 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 or her term of office as an Executive Board member without having the title of CEO.

Relationship agreement with large 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 Grachtenheer 10 BV have entered into a relationship agreement that was revised in 2023. The main elements of the relationship agreement between Sif and Grachtenheer 10 BV 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 issued capital of Sif, Grachtenheer 10 BV is entitled to nominate (and eventually propose replacements for) two Supervisory Board members. When holding between 20 and 50% of the issued capital of Sif, Grachtenheer 10 BV is entitled to nominate (and potentially propose replacement of) one Supervisory Board member. The relationship agreement will terminate once Grachtenheer 10 BV ceases to hold at least 20% of the issued capital of Sif.

Board remuneration policy

The Supervisory Board determines the remuneration of the Executive Board members as reflected in the remuneration policy of the Company that was approved by the General Meeting of Shareholders in May 2020. A revised proposal for a remuneration policy will be presented for approval to the General Meeting of Shareholders in May 2024. In this proposal, the definition for pay-ratio will be aligned with the Dutch Corporate Governance Code, the STI-LTI balance will be geared more to long term remuneration with at-target percentages becoming equal for STI and LTI, settlement will take place in shares and the remuneration of Supervisory Board members/Chair will be rebalanced to reflect appreciation of committee memberships.

The most recent remuneration policy is published on Sif's website under ESG\governance. Sif's remuneration policy aims to attract, motivate and retain qualified executives and staff with relevant experience. The remuneration policy provides a framework for a result-driven remuneration structure that should drive strong business performance, promote accountability and incentivize members of the Executive Board to achieve short-term and long-term performance targets with the objective of substantially increasing the Company's equity value and its social and environmental performance. The starting point is a 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 that is related to share price performance. To ensure 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. An alignment is assumed between the remuneration package of the members of the Executive Board and the salary conditions of the employees of Sif, reflected in the pay ratio level. The main components of the prevailing remuneration policy are:

a. A fixed base salary. Reviewed annually at the discretion of the Supervisory Board.
b. A variable annual cash bonus for performance and results in any calendar year. Maximum of 60% of the fixed base salary for the CEO of which 73% is dependent on the achievement of financial targets and 27% on personal targets. Maximum of 50% of fixed base salary for the CFO of which 72% is dependent on the achievement of financial targets and 28% on personal targets. Financial targets include adjusted EBITDA ex IFRS16, contribution and adjusted ROACE. Personal targets differ for each member of the Executive Board and can, for example, include safety performance, sick leave, carbon footprint, corporate culture, reporting discipline and communication. The on-target bonus is 40% for the CEO and 35% for the CFO. Personal targets are set by the Supervisory Board at the beginning of each calendar 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. 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 holding period applies in addition to the three-year vesting period.
e. Executive Board members are engaged through a four-year service agreement.

Diversity

Sif acknowledges the value of diversity in a broader perspective. That will be the basis for the diversity policy that is being developed and that will be implemented in 2024.

Executive Board

Sif's Executive Board has always consisted of two officers: a CEO and a CFO. The terms for the present Executive Board members will end in 2026 (CEO, second term) and 2025 (CFO, first term). The Supervisory Board is responsible for the composition of the Executive Board and generally engages an executive search consultant for the selection of candidates when expedient. Specific attention is paid to candidates of a different gender that should represent at least 50% of the longlist. In the event of equal eligibility, a candidate of a different gender will have preference.

Management Team

Sif's Management Team consists of four managers when excluding the Executive Board members. Of these four managers, one is female. Recruitment agencies that work for Sif when recruiting members for the Management Team are aware of our desire for diversity in the workforce. The aim is for at least 50% of the invited candidates to be of a different gender.

Supervisory Board

As a listed company, Sif is subject to legal requirements regarding Supervisory Board composition. At the end of 2023, the Supervisory Board consists of two women and three men, which is in compliance with the requirement to have at least one-third men and one-third women. Recruiting of new Supervisory Board members will often be contracted to executive search agencies. Decisive for nomination will be 'the best candidate for the job'.

Our people: sustained working relationship

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

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 through staffing agencies for certain activities such as welding, rolling, grinding and preservation for corrosion, transportation and testing. At year-end 2023, our flexible staff comprised 51.4% of our workforce compared to 37.0% at year-end 2022. At the end of 2023, the total workforce was 762 compared to 587 at the end of 2022. Of the 762 total staff, 47% was Dutch and 53% came from other EU member states.

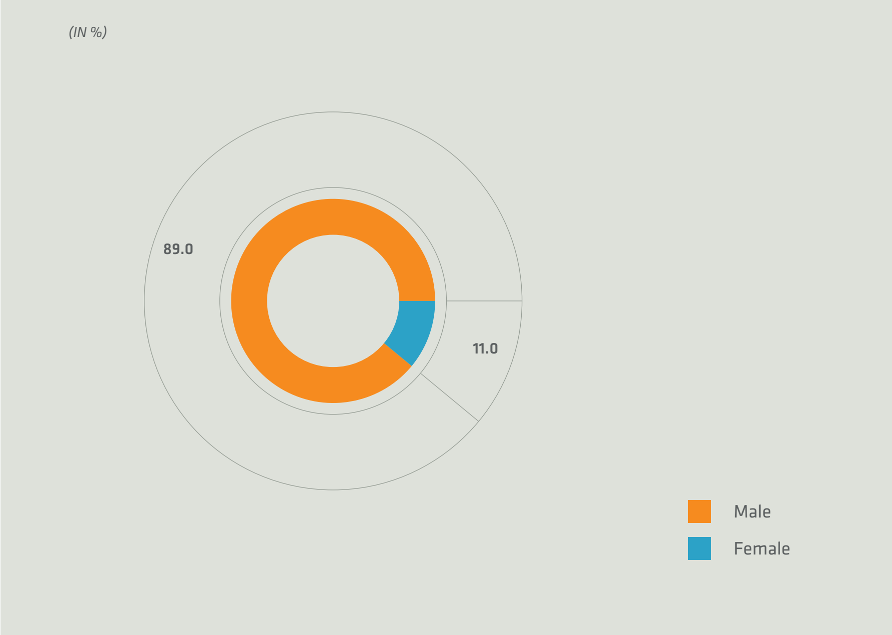
Anticipating the shortage of skilled technical labor and the need for 180 FTE additional workforce once the expansion of our production capacity is completed in 2024, Sif has started to rebalance the workforce in favor of more permanent jobs from 50:50% to 67:33%. An extensive recruitment plan has been developed for this purpose. The entrepreneurial spirit, technical environment, role in the energy transition and the continuation of investments in innovation and capacity play an important part in attracting new colleagues. Our pursuit of equal remuneration of permanent and flexible staff is also important. In 2023, we aligned additional (variable) remuneration components for both groups.

Given the quality demands with respect to our products and their ever-increasing dimensions and complicated manufacturing processes, it is a necessity to nurture a future-proof workforce and sustained working relationship. This means attracting, training, committing and retaining the best people, empowering them to optimize team performance, take ownership and focus on results are key in today's labor market. An increased share of permanent staff promotes safety and quality, while reducing sick leave and the efforts and expenses of hiring and training flexible staff. Employee turnover was 11.4% of the average number of permanent employees in 2023.

Attract; technical jobs serving energy transition

The Management Team is putting strong emphasis on connecting with potential candidate groups via various recruitment channels and on promoting diversity in the broadest sense with respect to ethnicity, nationality, age, gender, education, experience, sociodemographic background and perspective. Diversity offers a larger pool of candidates, enhances recruitment efforts and improves the performance of teams. Providing an inclusive workplace makes diversity work. Improving our gender diversity, however, remains a challenge, especially among members of our flexible shopfloor workforce who often originally come from Eastern European countries and do not always wish to settle in the Netherlands permanently.

Gender distribution of staff



The above graph relates to permanent male and female staff as per 31 December 2023. At year-end 2023, 11% of our total workforce on Sif's paylist were women. Albeit slowly, we see more women entering various management levels. Four out of seven senior staff recruitments in the first two months of 2024 were women. We also see a slow but increasing interest among women in technical studies. This is why we have developed special programs for attracting women in technical roles with specialized staffing agencies and through contacts with ROCs (regional training centers). In addition, we have programs for attracting refugees who have a residence permit and for attracting people with a disadvantaged position on the labor markets.

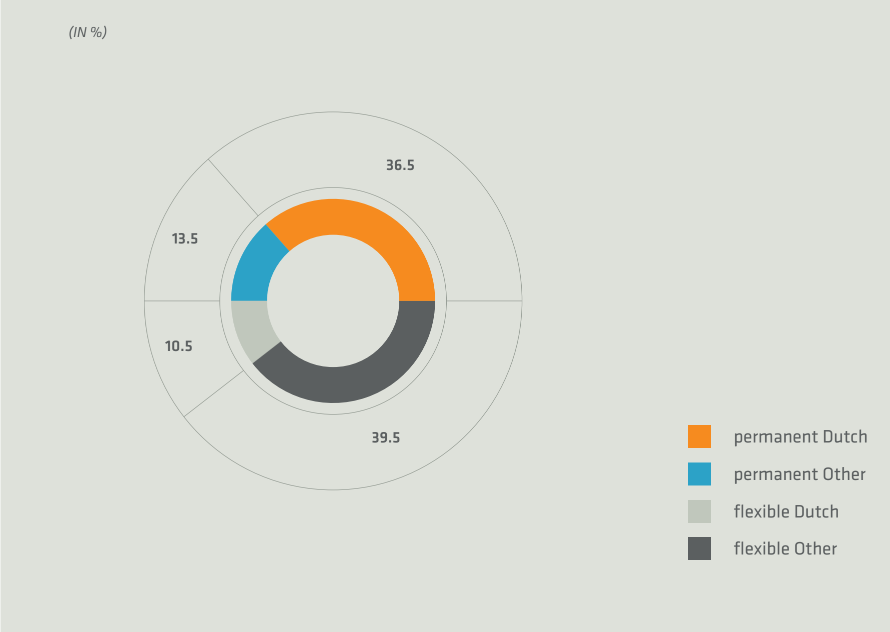
About 10% of women in college in the Netherlands opt for technical secondary education (Life Science and Technology major). The proportion of women following Dutch secondary vocational education (MBO) courses of study is higher at approximately 20%. The proportion of women in higher professional education (HBO) in the Netherlands stands at nearly 20%. Women make up between 35% and 40% of the total number of students in Dutch university education. The Netherlands Education Council found that gender segregation in technology is declining but still reflected in the working environment with only 14% of technical jobs in the Netherlands held by women.

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

Age distribution of permanent staff

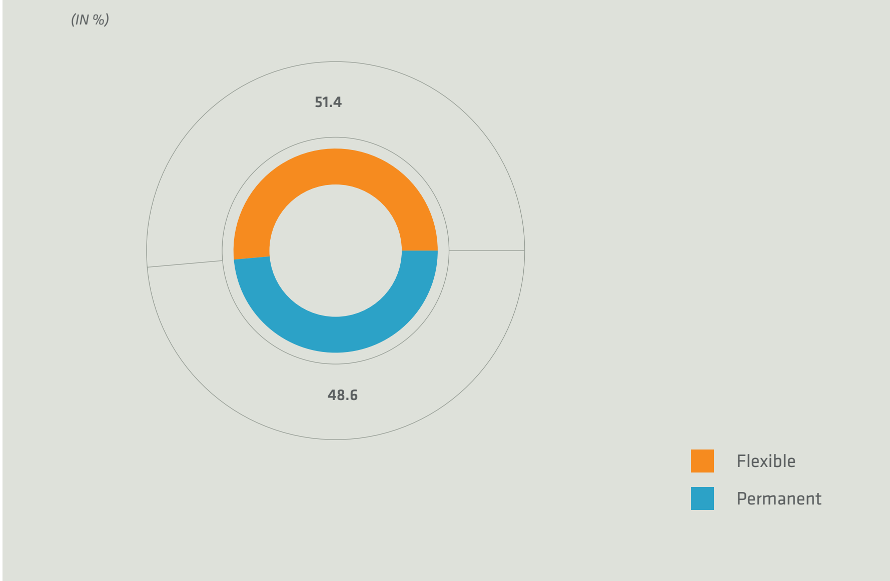
In addition to gender, Sif pursues more balance in terms of age and background. Sif does not discriminate between men and women, native or immigrant, Dutch and foreign, flexible or permanent or otherwise in remuneration levels and applies the principle of equal opportunity and equal pay for equal work.

Staff distribution: nationalities



Other than supervised interns, Sif does not employ anyone under the age of 18 and uncourageous its suppliers and subcontractors not to employ anyone under 18. Since all of Sif's activities are all carried out in the Netherlands and because the purchased materials and services are predominantly manufactured or rendered in European countries, the risks of child labor are very limited with the partners we certified. 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 negotiations with social partners to conclude collective labor agreements for the industry. The current Collective Labor Agreement for Metal and Technology (CAO metaal en techniek) has a duration of 30 months starting 1 October 2021. It includes an 8% wage increase, which is rolled out in a few phases over the 30-month period. Employment conditions at Sif are in line with or exceed the average employment conditions applicable in the Netherlands or the industry and include clauses for special leave situations. Tax and other deductions and remittances are in line with European standards, regulations and legislation. Sif stipulates 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.

Staff distribution: flexible - permanent



Train and reward

Key positions in our production and engineering teams often require multi-year training, education and experience. Retaining our people is crucial. We demonstrate our commitment to retaining these colleagues by investing in safe workplaces, education and remuneration.

Our training programs are designed to improve personal and team performance. An annual amount is reserved for training in addition to permanent education at the rolling and welding school of Sif in Roermond.

In close cooperation with and based on the approval of the Works Council (Instemming), a new appraisal and salary increase policy was introduced in January 2023. This new policy allows for performance-related remuneration in 2024 based on targets set in early 2023. A more team-oriented approach stimulates the development of individual employees and craftmanship within the various teams. Performance assessment cycles apply in order to support and monitor the roll-out of the pay-for-performance remuneration system.

In addition to the collective labor agreement, we paid all our employees a "premium of appreciation" of €350 (based on full year employment).

Commit and retain

It is our responsibility to offer our employees a safe workplace, provide them with opportunities for training and contribute to their personal development.

Our social and community involvement is reflected in specific 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 with a view to retaining and nurturing internal talent and offering opportunities for career development. This requires a strong commitment from the management in order to facilitate internal moves and to make them successful. All these efforts contribute to building a sustainable people-centric organization.

In order to get to grips with the relatively high employee turnover rates, Sif will start measuring the commitment of employees (including exit assessments) and translating the results into improvement plans in 2024.

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 Angelique Heckman for appointment to the Supervisory Board. Furthermore, the Works Council, together with the Executive Board, ensures that working conditions remain good or are improved when necessary, 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 seats. In 2023, the Works Council held five consultation meetings with the Executive Board. During these meetings, Sif's Strategy and operations plan, the Health-Safety-Environment policies, the Job Evaluation System and Sick Leave Policy were presented and discussed. The CFO explained the annual 2022 results and the interim 2023 results in June and September 2023 respectively. The Supervisory Board members representing the Works Council, Angelique Heckman (from May 2023) and Caroline van den Bosch (until May 2023), did not attended any of the Works Council consultation meetings in 2023.

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.

Risk and opportunity management. control framework

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, Executive Board rules, an authorization matrix and whistle-blower policies support Sif's processes. Operating procedures are written in accordance with various standards and audited several times per year. Sif is certified according to ISO 9001, ISO 3834-2, EN 1090-2, VCA**, ISO 45001, ISO 14001, DNV-CP-0352 and DNVGL-SE-0436.

Sif is involved annually in a limited number of very large projects with a certain repetitive pattern. 'First time right' is therefore important and the number of weld repairs and number of product non-conformities are important performance indicators. Frequent controls are critical. Internal audits at Sif and external audits at our suppliers are consequently key components of our risk management. In addition to several internal health and safety audits, ten audits were executed at suppliers and potential suppliers, subcontractors, and business partners in the Netherlands, Spain, France and Germany. Audits on quality, health, safety and environmental were carried by or on behalf of our clients at Sif's production sites. Certification institutions DNV and TÜV carried out six audits at Sif on ISO standards and VCA.

Internal ISO 9001 audits are carried out on an ongoing basis, also in 2023, and six audits on Sif's HSE management system (ISO 45001, ISO 14001 and VCA) were carried out.

Sif continuously reviews its quality and operational procedures because 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 to 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 meet 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 the Executive Board. The development of the risk profile is also reviewed during these meetings. Adjustments to anticipated man-hours, project expenses and results are made if and as required. This is reflected in the progress of the projects. 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 monthly, 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. These values and have been translated into standards by formulating policies and exemplary leadership that promote the drive for safety and innovation 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.

Our business integrity and compliance

Sif is committed to conducting its business according to applicable laws, regulations and its Code of Conduct. In 2022 and 2023, Sif engaged an integrity and compliance advisory firm to assist it 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. A compliance director joined Sif early 2024. The principle-based Code of Conduct was revised and presented to the Works Council for comments in 2023. In early 2024 the Executive Board and the Supervisory Boards approved and adopted the revised text of the Code of Conduct that will be published on Sif's website and that will be implemented in 2024. The principle-based Code of Conduct is standardized in different policies. The principles of the Code of Conduct relate to:

Workplace safety: We avoid and prevent business accidents and discrimination, intimidation or (sexual) harassment on the work floor. 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 a whistleblower policy and appointed two external confidants, performed a privacy impact assessment, appointed a privacy officer and is GDPR compliant. In 2023 one (potential) privacy violation and zero incidents were reported under the whistle blower policy and the confidant was approached in seven occasions (seven in 2022) that all relate to workplace safety. The privacy violation was reported to the Authority for Personal Data ('Autoriteit Persoonsgegevens') in August 2023.

Fair labour and employment practices: We commit ourselves to fair labor and employment practices. There is no room in our organization for discrimination, inappropriate behavior of any kind or forced labor or child labor.

Environment: We take responsibility for the protection of the environment, and we minimize the environmental impact of our activities and products. We incorporate environmental awareness into our designs, fabrication and distribution.

Fair competition, anti-bribery and corruption: We promote a fair and respectful cooperation culture with customers, suppliers and other business and industry partners. 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. Sif was notified by the market supervisor AFM of a late notification of an insider transaction in 2023. Sif incurred no legal or other expenses related to a possible violation of these principles. Sif is not aware of investigations by authorities that relate to anti-trust, corruption or the like.

Conflicts of interest: We avoid and prevent situations in which personal interests can conflict with the interests of Sif. One Supervisory Board member refrained from participating in Supervisory Board meetings for that reason for a certain period of time in 2023.

Selection and fair treatment of suppliers: We operate with respect, transparency and impartiality. We expect our business partners to follow the ethical standards set out in our Code of Conduct.

Confidentiality and data protection: We handle information entrusted to us responsibly by respecting confidentiality and data protection. We adhere to the protection of personal data in our operations.

Risk and opportunity management

Executing its strategy and running its day-to-day operations exposes Sif to new opportunities and risks. Sif published a prospectus on 16 June 2023 that comprises an extensive overview of risks on the pages 12-40. An overview of the most important opportunities and risks is shown in the following table. The demand to address climate change and to gain independence from fossil fuels and fossil fuel owners offers opportunities for companies that are active in renewable energy.

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 have potentially different effects. The risk matrix below defines the types of risk we distinguish, the extent to which they have materialized in 2023, 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 with high-tech expanded factory from 2025 > Access to capital	> Dependent on one dominant product > Workforce composition (age, location, diversity) > Dependent on governmental policies > Volatility due to size and number of projects > Dependent on limited number of suppliers > Dependent on limited number of countries
EXTERNAL	> Limited exposure to movement in prices of raw materials > Strong reputation for on-time and zero-defects performance	
OPPORTUNITIES > Global focus on climate change and pressure on reduction of climate change effects > Pressure from geopolitical situation for independency from fossil fuels and owners of fossil fuel-sources > Maturing and growing market in Europe with massive ambitions for North Sea and Baltic Sea > Emerging markets > Expansion in adjacent services to clients > Push for circularity	**STRATEGY** > 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 in BNS Decom for fully circular products and services > Investigate local USA/Asian partnerships and/or license agreements	**STRATEGY** > Strengthen leadership role through engineering, marshalling & logistics 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 decommissioning of depreciated wind farms > Support alternative installation technology pilots

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 size > 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 scope > Hire topclass project management and include sufficient financial headroom in budget	> Investigate opportunities for local footholds by partnering with local strong partners > 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. With respect to strategic opportunities in either new geographical markets or 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. With respect to new geographical markets, we will only start activities in joint venture with one or more local partners who are familiar with the local culture, requirements and regulations. With respect to expansion of services to our existing clients, we will only offer technology that has been proven by others or on a laboratory scale.

In relation to 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-tolerance approach; we do not accept any risk of violation. This is also the case for the quality of our products because the purpose for which Sif's products are used means 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 from this.

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

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

Certain risks in the Sif risk matrix may have emerged or may have become more imminent during the year under review. This mainly concerned the risks related to the global unrest and the effects of increasing interest rates and shortage of materials on pricing and availability of components and services in the global offshore supply chain. It also concerned the risk of volatility in production because of ever-increasing product dimensions and increasing project sizes. Despite the increased sizes and weights of most of the products and projects on the market we were able to assure a healthy factory utilization.

Important mitigation tools to level out capacity utilization variance are investments in innovation, product development and in-house detail engineering. The risk table lists the main strategic, legal & regulatory, financial and operational risks.

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 2023	Measures to mitigate strategic risk	Risk appetite	Status
1.	A variety of large, globally spread wind farm developments can distract management attention	In 2023 Sif tendered for European projects mainly and incidentally for projects outside Europe	Focus on mature markets in North sea territory and select clients or joint venture partners in emerging markets for controlled geographical diversification	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.	Completed
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 (floating) but with approx. 80% market share monopiles 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 will assure Sif to be the supplier of LCOE optimized total MP solutions. Re-start marshaling activities and grow KCI the Engineers' engineering activities Ongoing monitoring of market developments	Sif will only develop new products for existing markets or enter new markets with existing products Safeguard balance between permanent and flexible workforce.	In progress
3.	Increasing competition from new and existing industry participants	New entrants Haizea and Navantia-Windar SeAH in UK operational from 2024, Orsted-EEW in USA, more presence in EU from Chinese suppliers oEuropean market	Promote customer loyalty and render best-in-class services. Maintain investments in innovation. Pursue level playing field through Offshore Wind Foundation Alliance (lobbying organization for EU legislation on fair competition)	The current market is healthy enough to absorb the announced new manufacturers of monopiles	In progress
4.	Sif does not succeed in getting the manufacturing expansion operational in time, within budget and with the expected output and efficiency	No new factory from competition is on schedule and on budget	Focus on costs and stable supply partners	Present facilities stay operational while expansion works continue.	In progress
5.	The significant investments in the Manufacturing Expansion do not necessarily lead to profitable results	Margins in order book justify forecast EBITDA	Thorough preparation by operations based on existing know-how and experience	Use of proven technology and inhouse know-how	In progress

	Strategic risk	Materialized	Measures to mitigate	Risk appetite	Status
6.	The production of XXXL monopile foundations involve technical, operational and financial risks that could affect Sif's business, results and financial condition	All production workstation tests were successful	Thorough preparation by operations based on existing know-how and experience	Use of proven technology and inhouse know-how	
7.	The current governmental support of renewable energy is modified, not renewed at the current levels or at all	EU wind power pack indicates even stronger support	Active lobby in Bruxelles through WindEurope and OWFA supports EU supply chain. Active lobby through NWEA and IRO to strengthen Dutch governmental support for offshore wind		
8.	The sale of products is impacted by the general economic environment and the current financing environment, making offshore wind projects more expensive	Interest rates and material costs have risen, making projects more expensive. Termination of Empire Wind 2 for Sif	Preference for experienced developers in mature offshore wind markets	Include cancellation and postponement fees in contracts Prioritize EU projects	
9.	Offshore wind becomes less attractive as an energy source	Offshore wind confirmed crucial for energy independence of EU			
10.	Sif has a concentrated business model in terms of suppliers, products, clients and geographical focus		Sif less dependent through strategy of total solutions and supplier independence in new factory set-up		
11.	Sif may be harmed by safety incidents	Increasing number safety incidents in 2023	Training of employees & continued promotion of safety-culture	Mitigate unsafe situations Safety as the priority	

	Legal, Regulatory and Financial risk	Materialized	Measures to mitigate	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	No. Termination of Empire Wind was financial decision without reputational angles	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)	No	Sif actively supports OWFA and Wind Europe as their ears and voice in the public and political environment in EU. And NWEA and IRO in the Netherlands	Sif hands over foundations and responsibility to client while still ashore	✓
4.	IT-cyber-security	Storage of private information of certain employees on server temporary accessible for sif-employees	phishing awareness training on security and privacy, annual penetration tests and use of i-babs as a secure environment for confidential meeting documents, replace/protect servers. I-cloud data storage policy. Additional actions to install and maintain firewalls	Back-up organization and systems in place	>
5.	Inadequate reporting process	None	Strengthening finance function and upgrade of ERP AX to D365	Timely and reliable monthly financial reporting	>
6.	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 but normalized in 2023	Pass-through costs for certain materials (steel) Limited hedging and fixing of energy prices	Limited to no exposure to pricing of key raw materials like steel Indexation of energy prices in tenders and contracts.	✓
7.	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	✓
8.	Changes to global economic conditions	Unstable geopolitical situation impacts interest, pricing etc	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 2023	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	Continued war in Ukraine, unrest in middle east/ Red Sea transport routes. Increased tension China-Taiwan	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	Termination of Empire Wind 2	Maintaining a flexible workforce to adjust the workforce to the workload. Apply contractual cancellation and postponement fees	Safeguard balance between permanent and flexible workforce and allow time for maintenance and repair	
3.	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	
4.	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	
5.	Insufficient flexibility or resources to adapt to changing regulations and specifications	Insufficient labor	Talent development, training and in-house engineering know-how	Market leadership in manufacturing capacity and skills	
6.	Increase in dimensions of turbines requires larger foundations that are too large for present production facilities and processes	Capacities of turbines still increase	Invest in expansion of facilities and adjusted production procedures and equipment (P11)	Earn back max 4 years	
7.	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	
8.	Risk of low water levels in rivers	No	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	

Executive Board statement

The Executive Board report (consisting of the pages 3 up to and including 68) and such parts of the financial statements as referred to in the Executive Board report, comprise the 'Bestuursverslag' within the meaning of article 2:391 of the DCC.

In control and responsibility statement

The Executive Board states, in accordance with best practice provision 1.4.3 of the Code, that:

> the Executive Board report provides sufficient insight into any important deficiencies in the effectiveness of the internal risk management and control systems that may have been detected during the 2023 financial year and no major failings have been detected;

> the risk management and control systems provide a reasonable assurance that the 2023 financial statements do not contain any errors of material importance. Details are set out in the Risk management and control section;

> based on Sif's current situation, it is justified that the financial reporting is prepared on a going concern basis. This is based upon the strong cash position and the expected medium- and long-term free cash flow generation of the company and the risks facing the company. Commentary on the company's cash flow, liquidity and financial position is set out in the Financial Review. The financial risk management is set out in note 25 of our consolidated financial statements; and

> the Executive Board report discloses all material risks and uncertainties that are relevant regarding the expectation as to the continuity of Sif for the 12- month period after the date of issue of this Executive Board report. The Risk management and control section of the Executive Board report provides a clear substantiation of the above mentioned statement.

With reference to section 5:25c sub 2c of the Financial Markets Supervision Act, the Executive Board states that, to the best of its knowledge:

> the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit of the company and the undertakings included in the consolidation taken as a whole; and

> the Executive Board report provides a fair view of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that the company faces.

Corporate governance statement

The information required to be included in this Corporate Governance Statement as described in articles 3, 3a, 3b and 3d of the Dutch Decree on the contents of Directors' Report (the Decree) are incorporated in the Executive Board Report and the Supervisory Board Report sections. The main characteristics of the company's internal risk management measures and control systems connected to its financial reporting process, as required by article 3a sub a of the Decree, are described in the In Control and Responsibility Statement.

Sif complies with all the relevant best practice provisions of the Code, with the exception of best practice provisions 1.3.1-1.3.3, 1.4.1, 2.2.5, 2.3.10 and 4.2.3. The nature of and reasons for these deviations are explained on the website of Sif Compliance-Corporate-Governance-Code-2023.16March2023.pdf (sif-group.com)

Article 10 takeover directive

The Executive Board states that all information, which must be disclosed pursuant to the Decree Article 10 Takeover Directive ('Besluit artikel 10 overnamerichtlijn'), is included in the Corporate Governance section, the Supervisory Board report and the notes referred to herein, to the extent that it is applicable to Sif.

Non-financial statement

Directive 2014/95/EU on the disclosure of non-financial information requires companies to publish a non-financial statement. The relevant provision has been implemented into Dutch law through the Decree disclosure on nonfinancial information ('Besluit bekendmaking niet-financiële informatie'). The information regarding environmental, anticorruption and bribery, social and employee matters, and respect for human rights, as required by this Decree, is incorporated in the chapters 'How we manage our business and related risks' and 'How our business performed in 2023'.

The Executive Board states that all information to be disclosed under Article 2a of the “Besluit inhoud bestuursverslag” (Decree on the content of the Report of the Executive Board) is included in this Executive Board Report.

Roermond, 18 March 2024
Fred van Beers (CEO)
Ben Meijer (CFO)

Supervisory Board

The Supervisory Board has taken notice of the report of the Executive Board for the 2023 financial year. EY (Ernst & Young Accountants LLP) have audited the financial statements and have issued an unqualified auditor's report on 18 March 2024. This auditor's report has been added to the financial statements for Sif's 2023 annual report. 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. We recommend that the General Meeting of Shareholders adopt the 2023 financial statements and discharge the members of the Executive Board for their management of the company and the members of the Supervisory Board for their supervision. Profit attributable to the shareholder for 2023 amounted to €10.9 million. We approve the Executive Board's proposal to award a dividend of €1,875,000 on cumulative preference shares, to add this amount to the accumulated retained dividends and to retain the remainder of the profit attributable to the shareholder and add this amount to the general reserve of the Company.

Duties of the Supervisory Board

The Supervisory Board supervises the strategy of the Executive Board and the general course of business of the Company. It provides the Executive Board with advice. Furthermore, the Supervisory Board focuses on the effectiveness of the Company's risk management and control systems, on the quality of its financial, social and environmental reporting, on compliance with legal and regulatory requirements and on the maintenance and enforcement of the corporate culture and business ethics. In the performance of its duties, the Supervisory Board acts in the interest of the Company and its affiliated companies. In doing so, the Supervisory Board considers the legitimate interests of all stakeholders of the Company. The articles of association of Sif Holding N.V. and the Supervisory Board rules include rules with respect to board meetings and resolutions. Both documents are available on Sif's website in the section ESG/Governance.

Fulfilment of duties in 2023

Strategy

Each year, the Executive Board reviews Sif's strategy with the Supervisory Board and discusses progress on the implementation of the strategy. In 2023, this very much related to the decision to invest €328 million in an expansion of manufacturing facilities in the Netherlands and to increase the presence in the Asian offshore wind market through a cooperation, support and license agreement with GS Entec from South-Korea. Both decisions are aimed at long-term value creation through the confirmation and strengthening of Sif's leadership position in the market for offshore wind foundations. Specific aspects that required the Supervisory Board's involvement in 2023 relate to the lagged negative effects from the Ukraine-Russia war such as volatility in pricing of raw-materials and energy and increased interest rates. All had an impact on the pricing of offshore wind projects and final investment decisions. A specific risk to the implementation of the strategy is the situation on the Dutch labor market, particularly in view of the expansion plans and the workforce that these require. A specific opportunity to the implementation of the strategy is the development of new products and services. Throughout 2023, the Executive Board made assessments of the trends and their possible impact on Sif, enabling Sif to take appropriate mitigating, accelerating, preventing or enabling measures. These assessments were supported by knowledge carriers of Sif that presented progress on product development and staffing optimization during meetings of the Supervisory Board.

Results

In the interest of pursuing a more predictable, robust and less volatile development of results, the 'solidity over margin' policy, the ongoing professionalization and the improvement to internal processes were discussed extensively during meetings of the Supervisory Board. A permanent item on the Supervisory Board's agenda is safety. Disappointing safety statistics were discussed and analyzed, especially given the size of the products that keep on increasing, which minimizes the room to maneuver for employees. Any incident can have huge consequences, emphasizing the importance of a zero-incident ambition.

Financing and dividend

The expansion of the manufacturing plant in Rotterdam is financed with a mix of equity, debt, lease facilities and Advanced Factory Payments. Given the investment plans and the conditions of the term loans supporting this program, the pay-out of any dividend is suspended until construction activities have been finished and the expanded manufacturing plant has successfully been taken into operation and only after a dividend is paid on the cumulative preference shares. There is no dividend proposal relating to results realized in 2023. The dividend on cumulative preference shares may be accumulated and paid-out if and when the shares are redeemed or converted into ordinary shares.

Corporate governance

The Supervisory Board was informed of the revised Dutch Corporate Governance Code and its impact on Sif, the process of revision of Sif's Code of Conduct following the maturity assessment that was made of Sif's ethics and compliance program and of ESG-related European legislation that Sif needs to comply with from 2024.

Meeting discipline

In 2023, the Supervisory Board held five regular meetings in the presence of the Executive Board and one regular meeting without attendance of executives. Auditor EY was present during two of these regular meetings when interim and full-year results were discussed. Peter Visser was absent from one of these five regular meetings. In addition, seven TEAMS-meetings were held on the expansion plans that were not attended by Peter Visser or other large shareholder representatives for reasons of a potential conflict of interest. Caroline van den Bosch was absent from one of these seven meetings. These TEAMS-meetings were all attended by the Executive Board.

The audit committee held five meetings in 2023, which were all attended by CFO and occasionally by managers responsible for finance and IT. Two of these meetings were not attended by Peter Visser and two were attended by Auditor EY. Among other things, the audit committee assessed the audit requirements and discussed the audit plan and the key audit findings with the external auditor. Sif has not appointed an internal auditor but has implemented alternative measures to ensure contacts between the audit committee and the external auditor proceed properly and provide proper documentation of these contacts. Key audit findings were discussed, and progress on follow-up was reported during the meetings. The auditor was also consulted by the audit committee in the absence of Executive Board members.

The remuneration committee had four meetings in 2023, all attended by the CEO except for one. All the members of the remuneration committee attended the meetings. The remuneration report for 2023 and the confirmation of the performance indicators for variable remuneration were on the agenda for the first meeting in 2023. Furthermore, the 2023 targets for the Executive Board members were discussed for advice to the Supervisory Board. Related to the investment in the expansion of manufacturing facilities, the remuneration committee advised on two additional cash bonusses for specific achievements as referred to in article 5 of the remuneration policy to Executive Board members in combination with their investment in Sif-shares.

A special Supervisory Board committee (P11 committee) was installed in 2023 to monitor and advise on the execution of the €328 million expansion project of Sif. The committee convenes monthly and exists for as long as the construction activities last and until the plant is operating according to plan. The P11 committee held eight meetings in 2023, two of which were conducted in TEAMS. Four meetings were attended by all P11 committee members. All the meetings were attended by CEO and CFO and by the project director of the expansion project.

The Supervisory Board was represented at one consultation meeting of the Works Council.

Important Supervisory Board resolutions in 2023 included the proposal to the extraordinary General Meeting of Shareholders in March 2023 to amend the articles of association of the Company, the proposal to the extraordinary General Meeting of Shareholders in March 2023 to designate the Executive Board to issue and repurchase preference shares and to grant rights to subscribe for ordinary shares and exclude pre-emptive rights to subscribe for ordinary shares and exclude pre-emptive rights for purposes of conversion of preference shares, the approval of the final investment decision for the €328 million investment in the expansion of the manufacturing facilities, the grant of Rights in the proportion as set out in the Equity Prospectus and the Underwriting Agreement and the exclusion of the statutory pre-emptive rights (wettelijke voorkeursrechten) in connection therewith, the issue of up to 4,353,890 Offer Shares and the exclusion of the statutory pre-emptive rights (wettelijke voorkeursrechten) in connection therewith, the approval of the Prospectus related to the issue of the Offer Shares, the issue of 33,366 Ordinary Shares to employees of Sif and the exclusion of the statutory pre-emptive rights in connection therewith, the approval of the 2024 business plan and budget for Sif Holding N.V, the proposal to reappoint the auditor, the nomination of Angelique Heckman and Annabelle Vos as members of the Supervisory Board to the annual General Meeting of Shareholders and the extraordinary General Meeting of Shareholders in May and September respectively, the approval of the criteria for bonus remuneration of the Executive Board, the appointment of Peter Gerretse and Peter Wit as chairman and vice-chairman respectively of the Supervisory Board and the presentation of the annual report 2022 for approval by the annual General Meeting of Shareholders in May 2023.

Composition and functioning of the Supervisory Board

In 2023, André Goedée and Caroline van den Bosch resigned as Supervisory Board members and Angelique Heckman and Annabelle Vos were appointed in May and September respectively. During the first months of 2023, Peter Visser did not participate in Supervisory Board meetings for reasons of a possible conflict of interest. It was decided that a Supervisory Board self-assessment was not expedient in these circumstances. The next self-assessment of the Supervisory Board's functioning is scheduled for November 2024. For further background information about the Supervisory Board reference is made to chapter 'Our management' of this annual report.

ROTATION SCHEDULE SUPERVISORY BOARD

	2024	2025	2026	2027
Peter Gerretse	✓			
Peter Wit			✓	
Angelique Heckman				✓
Peter Visser			✓	
Annabelle Vos				✓

> Resigning, not available for re-appointment

✓ Resigning, eligible for re-appointment

The Supervisory Board currently has five members. According to the rotation schedule, Peter Gerretse is due to retire from the Supervisory Board in May 2024. Angelique Heckman and Annabelle Vos were appointed in 2023. The present composition of the Supervisory Board can be found in chapter 'Our management' of this annual report. Of the Supervisory Board members, four qualify as independent as referred to in article 2.1.8 of the Dutch Corporate Governance Code. As stipulated in the Relationship Agreement between Sif Holding N.V. and Grachtenheer 10 B.V., Grachtenheer 10 B.V. has appointed a listener to attend all the meetings of the Supervisory Board and its committees. In 2023 listener Mathijs Koster attended most of the meetings of the Supervisory Board and of the board-committees. He is subject to the same conflict-of-interest regime that applies to Supervisory Board member Peter Visser.

All transactions conducted between Sif Holding N.V. and any of the Supervisory Board members are agreed on market terms. Decisions to enter into transactions of material significance between 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 2023.

None of Sif's Supervisory Board members holds more than two Supervisory Board positions at other stock-market listed companies as provided for in the Dutch Management and Supervision of Legal Entities Act.

SUPERVISORY BOARD PROFILE MATRIX

Area of expertise	Supervisory Board Member
Offshore energy market;	Peter Visser, Peter Wit, Annabelle Vos
General management & strategy;	Peter Gerretse, Peter Visser
Project management;	Peter Gerretse, Peter Wit
Finance, administration and accounting;	Peter Wit, Peter Visser
Marketing and sales;	Peter Visser
Manufacturing, logistics, innovation & R&D;	Peter Gerretse
Safety, environment & governance;	Annabelle Vos, Angelique Heckman
Human resources, personnel and organisation;	Angelique Heckman
Information technology;	Peter Wit, Peter Gerretse
Risk management, regulatory and compliance.	Annabelle Vos, Peter Wit

Board committees

The Supervisory Board may install Supervisory Board committees. The Supervisory Board has installed three board committees: the audit committee, the remuneration committee and the P11 committee. Rules are drawn up for the more structural audit and remuneration committees. The P11 committee has a more temporary character and is expected to be dissolved sometime in 2025 once the expansion plans have been completed and the new factory is running according to expectations. The P11 committee does not have a specific set of rules. The audit and remuneration committee rules are available on the Sif website under ESG/governance. The committees are tasked with laying the groundwork for the decision-making process of the Supervisory Board.

The audit committee comprises three members of the Supervisory Board. Up until May 2023, the members of the audit committee were Peter Wit (chairman) and Peter Visser. From May 2023, the members were Peter Wit (chairman), Peter Visser and Peter Gerretse. Mathijs Koster attends meetings of the audit committee as a listener. Expertise in financial reporting and auditing of financial statements is covered by the members of the committee. 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, the integrity of the financial information disclosed by the Company and of the non-financial information that is included in the annual report of 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.

The remuneration committee comprises two members of the Supervisory Board. Up until 12 May 2023, the members of the remuneration committee were Peter Gerretse (chair), Caroline van den Bosch and Peter Visser. From 13 May up until 7 September 2023, the members were Angelique Heckman (chair) and Peter Wit and from 8 September up until 31 December 2023 the members were Angelique Heckman (chair) and Annabelle Vos. The remuneration committee rules define the duties, roles and responsibilities of the remuneration committee. They include Sif's remuneration policy, the remuneration of the individual Executive Board members (remuneration structure, level of fixed remuneration, shares or other variable remuneration components, pension entitlements, severance payments and the performance criteria and their application), scenario analyses regarding different levels of variable remuneration and the Supervisory Board's remuneration report.

The P11-committee comprises two members of the Supervisory Board (Peter Gerretse (chair) and Peter Visser) with Mathijs Koster as listener. The P11 committee has monthly meetings with the Executive Board and project director Frank Keizer to discuss progress and budget for the project.

The Supervisory Board has not installed a selection and nomination committee since the selection and appointment and reappointment of the two Executive Board and five Supervisory Board members is considered a full board duty. The rules governing the appointment and resignation of members of the boards are included in Sif's articles of association and in the relationship agreement between Sif and Grachtenheer 10 BV. 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 (Grachtenheer 10 BV) and Sif's Works Council. In 2023, the Works Council recommended Angelique Heckman for appointment to the Supervisory Board and the Supervisory Board's primary contact for the Sif Works Council. The Supervisory Board may appoint and reappoint Executive Board members following a 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 on 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.

COMPOSITION OF SUPERVISORY BOARD COMMITTEES

	audit committee	remuneration committee	P11 committee
Peter Gerretse	member		chairman
Peter Wit	chairman		
Angelique Heckman		chairman	
Peter Visser	member		member
Annabelle Vos		member	

Epilogue

It has been an exciting year for Sif. A record investment, a license agreement for the Asian market, a project cancellation, tight labor markets and meanwhile, amongst all these distractions, delivering on the well-filled order book. Sif has strengthened its organization to be ready for the busy years ahead. Closing the year as promised demonstrates Sif's resilience, flexibility and perseverance. The Supervisory Board expresses its respect and gratitude to the management and employees of Sif whose hard work and commitment is the foundation for the success of the company in 2023 and for the years to come.

Roermond, 18 March 2024

Peter Gerretse (chairman)

Peter Wit (vice-chairman)

Angelique Heckman

Peter Visser

Annabelle Vos

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 Annual General Meeting of Shareholders 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. A revised draft of the remuneration policy will be presented to the shareholders for their approval at the Annual General Meeting of Shareholders in 2024.

The remuneration policy is instrumental to realizing Sif's strategy and sustainable longer-term value creation for all the stakeholders of Sif. In 2020, Sif undertook a market analysis with the support of external consultants. This resulted in a revised peer group of 14 companies of which seven companies are stock-listed and seven are private. The main criteria for peer group selection were a combination of the type of business (project-business), ownership (public-private) 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 2023 remuneration is based on the policy approved by the Annual General Meeting of Shareholders in 2020. The use of non-financial KPIs in addition to financial KPIs, align to Sif's business and the strategy it is following. Together with the short term incentive (STI)-long term incentive (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.

EXECUTIVE BOARD REMUNERATION

	Fred van Beers		Ben Meijer	
Type of recompense In €, excluding VAT	**2023**	**2022**	**2023**	**2022**
Base salary	432,555	398,879	261,938	235,980
Employer´s pension contributions	27,847	24,458	23,626	20,604
Pension compensation	35,696	33,742	18,095	16,649
Annual bonus (expenses)	163,932	149,619	94,922	69,917
Non-recurring bonus (expenses)	46,758	-	28,073	-
LTIP, including spot bonus (expenses)	120,964	63,564	64,820	20,689
Other benefits (car lease, travel expenses and relocation expenses)	51,853	50,463	42,955	40,471
Social security and other payments	11,168	9,881	11,168	9,881
Total remuneration	**890,773**	**730,606**	**545,596**	**414,191**
% variabel of total remuneration	**37.2**	**29.2**	**34.4**	**21.9**
Paid annual bonus in the year, earned over the previous year	149,619	201,906	69,917	59,273
Paid vested LTIP	85,507	85,026	-	-
Total actual paid variable remuneration	**235,126**	**286,932**	**69,917**	**59,273**

The remuneration package includes the following elements:

Base salary

The fixed base salary for Executive Board members increased following a benchmark study by a global consulting firm specialized in remuneration topics and a discretionary review by the Supervisory Board as implied in article 4 of Sifs remuneration policy. This resulted in a 3% increase of the base salary of the CEO and a raise of the base salary of the CFO to €280,000 as of 1 January 2024 to decrease the gap to the median pay that Sif is pursuing.

Annual bonus

The annual bonus is in cash and based on pre-defined KPIs that may differ for each Executive Board member. The Supervisory Board confirms that the results on which the 2023 short-term incentive for the Executive Board members is based are derived from the audited financial statements. The bonus for 2023 will be paid in cash in 2024 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.

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% and 50% of the fixed base salary for the CEO and CFO respectively. For 2023, the pay-out percentages (actual annual bonus as a percentage of the fixed base salary in the year of pay-out) for Executive Board members are 37.9% for the CEO and 36.2% for the CFO. Targets for safety and ESG/compliance policies were not met and therefore did not score for the bonus award. The CEO scored 100% of 8% for the execution of the expansion plan. The CFO scored 100% of 4% for implementation of Dynamics 365 and 100% of 7% for financial close of the financing plan for the expansion project. The CFO did not score for the set-up and performance of a full pre-post analysis of delivered projects from a controlling perspective. In 2022, the pay-out percentage for the annual bonus was 37.5% of the fixed base salary for the CEO and 29.6% of the fixed base salary for the CFO. For 2024, the KPIs 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 any financial impact that relates to the research into, preparations for and expansion of our production facilities). Non-financial targets relate to safety performance, carbon footprint and certain organizational achievements.

	max score	2023		score
		target	actual	
For CEO				
Adjusted EBITDA (ex IFRS 16)	14.7%	35,700	34,726	6.5%
Contribution margin	14.7%	146,600	148,989	8.7%
ROACE (adjusted) %	14.7%	28.2	110.7	14.7%
ESG/Safety LTIF	4.0%	<1.5	8.28	0.0%
P11 execution in line with roll out plan	8.0%	in line	in line	8.0%
Concretisation ESG and compliance policies	4.0%	new policy	not completed	0.0%
Total				
For CFO				
Adjusted EBITDA (ex IFRS 16)	12.0%	35,700	34,726	5.7%
Contribution margin	12.0%	146,600	148,989	7.5%
ROACE (adjusted) %	12.0%	28.2	110.7	12.0%
Financial close and financing plan P11	7.0%	completed	completed	7.0%
Implementation D365	4.0%	completed	completed	4.0%
Pre/post controlling analyses projects	3.0%	completed	not completed	0.0%
Total				

Non-recurring awards

It is the opinion of the Supervisory Board that the members of the Executive Board have delivered an exceptional performance in the past years in respect of the expansion of the manufacturing facilities that the Supervisory Board considers pivotal in the realization of Sif's long term strategy. The expansion plan took more than 3 years to reach final investment decision and will take more than 18 months from the moment of final investment decision (FID) to materialize in expanded production facilities. In connection with the decision to invest in expansion of the manufacturing facilities, members of the Executive Board have committed to invest more than 60% of their annual base salary in Sif-shares with a lock-up period of 4 years. For the CEO this involved an investment of €249,990 and for the CFO an investment of €150,037. For these amounts they bought shares in the market in the period 19-30 June 2023. The Supervisory Board has decided to compensate the Executive Board members for the difference between the price in the rights issue (€11.50 per share) and the price that was paid by CEO and CFO in the market (€12.70 per share average). This results in gross awards of €46,758 for CEO and €28,073 annual for CFO respectively, payable in May 2024.

These investments by Executive Board members are closely linked to two additional cash bonusses for specific achievements with value of two times one year base salary. These grants are determined by the Supervisory Board subject to article 5 of the remuneration policy and as such reflected in the table Executive Board remuneration. These additional grants are linked to the exceptional performance. The first grant is subject to a total shareholder return (TSR) modifier. It was awarded in June 2023. The second grant is also subject to the TSR modifier but also subject to KPI's that relate to the new factory being operational at the end of 2024.

A similar incentive and retention instrument has been adopted for a small group of key employees being instrumental for the successful execution of the expansion plan. The group of key employees participated in the rights issue of Sif and collectively invested in 33,366 shares for which they paid an amount equal to €384 thousand and for which they agreed to a lock-up period of 4 years. The employees that participated in the investment were also awarded a cash bonus for specific achievements, the level of which is dependent of the individual level of investment. These grants are also conditional to a 3-year employment and a Total Shareholder Return (TSR)-modifier that adjusts the cash-payment (up- or downward) depending on the outcome of the indexed TSR performance, measured during a 3-year period after award. These additional grants are not awarded under the standard LTI-arrangement of the company.

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, 7,122 PSUs with a value of €86,532 were conditionally awarded to the CEO (6,963 in 2022 with a value of €78,463). 4,313 PSUs with a value of €52,403 were conditionally awarded to the CFO (4,188 in 2022 with a value of €47,196). The 2020-awards under this LTIP were vested in 2023. The pay-out on vested LTIP arrangements to the CEO was €85,507.

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 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 on Sif's paylist 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 2023 numbers brings the pay-ratio to 11.0 compared to 9.6 in 2022 (for CEO compared to all employees). According to EY's 2021 analysis of Executive Remuneration in the Netherlands, the median for AScX companies listed on Euronext was 11.6. This median was based on reported pay-out ratio's by the AScX companies.

The 2022 remuneration report was discussed in the Annual General Meeting of shareholders in May 2023 and presented for an advisory vote. Of the shares voted for (76.12% of shares issued), 99.22% voted in favor.

Remuneration and company performance

	2023	2022	2021	2020	2019
Executive Remuneration (in €)					
Fred van Beers	890,773	730,606	858,464	593,691	629,091
Ben Meijer[1]	545,596	414,191	256,951		
Leon Verweij[2]	-	-	409,312	537,338	456,883
Average full-time remuneration of employees	88,597	83,869	82,428	80,358	81,838
Pay ratio (CEO compared to all other employees)	**9.8**	**8.5**	**10.1**	**9.5**	**10.2**
Company performance indicators					
Contribution/ton*	669	674	637	609	542
EBITDA	36,806	36,426	39,061	31,756	26,371
Net debt (ex-IFRS 16) year-end	(111,463)	(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.
* Reference is made to section 'Definition and Explanation of use of non-IFRS financial measures' and 'Reconciliation of non-IFRS financial measures' in the Other Information section for the definition and explanation of use, reconciliation and restatements (if applicable)

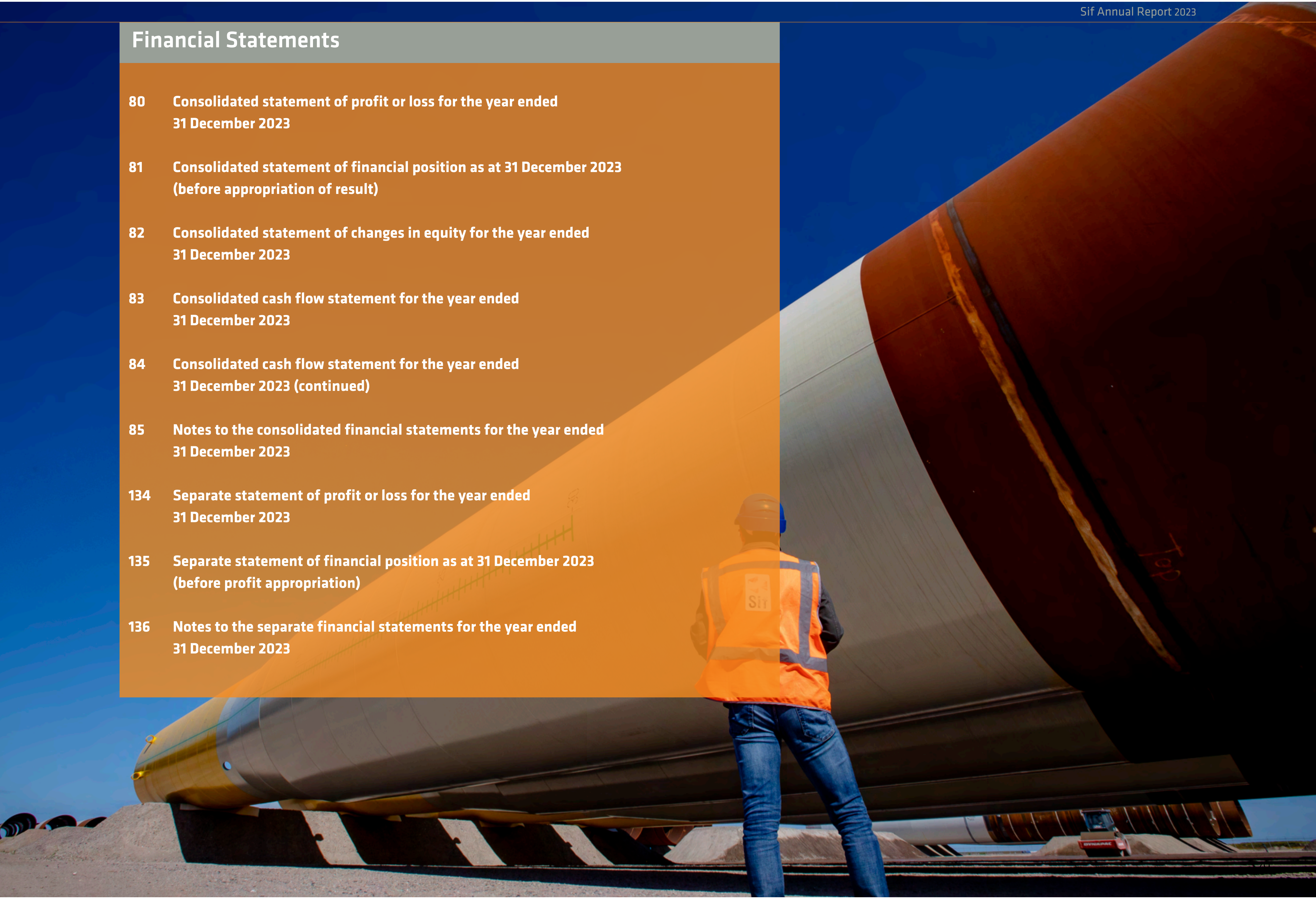
Supervisory Board remuneration

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-based payment, nor are they awarded Sif shares or share options in Sif as part of their remuneration.

SUPERVISORY BOARD REMUNERATION

	Remuneration				
in €[1]	2023	2022	2021	2020	2019
André Goedée	25,577	70,000	70,000	70,000	70,000
Peter Gerretse	60,625	45,000	45,000	45,000	45,000
Caroline van den Bosch	16,875	45,000	45,000	45,000	45,000
Peter Wit	45,000	45,000	45,000	45,000	45,000
Peter Visser	45,000	45,000	45,000	45,000	45,000
Angelique Heckman	28,515	0	0	0	0
Annabelle Vos	14,178	0	0	0	0
Total remuneration	**235,770**	**250,000**	**250,000**	**250,000**	**250,000**

[1] excluding VAT and expenses



Financial Statements

Consolidated statement of profit or loss for the year ended 31 December 2023

AMOUNTS IN EUR '000	Notes	2023		2022	
Revenue from contracts with customers			448,072		363,891
Operating lease income			6,227		10,652
Total revenue	6		454,299		374,543
Raw materials		(252,372)		(191,674)	
Subcontracted work and other external charges		(30,703)		(36,561)	
Logistic and other project related expenses		(22,235)		(15,797)	
Direct personnel expenses	7	(46,966)		(37,610)	
Production and general manufacturing expenses		(20,083)		(17,481)	
Indirect personnel expenses	7	(26,073)		(21,204)	
Depreciation and amortization	14,15,31	(22,897)		(24,226)	
Facilities, housing and maintenance		(5,456)		(4,947)	
Selling expenses	8	(892)		(628)	
General expenses	9	(12,718)		(12,305)	
Operating profit			13,904		12,110
Finance income		3,053		-	
Impairment (losses) / reversals on financial assets		(34)		(3)	
Finance costs	10	(3,287)		(2,010)	
Finance costs and impairment losses			(268)		(2,013)
Other income			5		90
Share of profit / (loss) of joint ventures	11,17		13		1
Profit before tax			13,654		10,188
Income tax expense	12		(2,434)		(2,670)
Profit after tax			**11,220**		**7,518**
Attributable to:					
Non-controlling interests	23		357		301
Equity holders of Sif Holding N.V.			10,863		7,217
Profit after tax			**11,220**		**7,518**
Earnings per share *	13				
Basic/diluted earnings per share (EUR)			0.32		0.28

* The 2022 earnings per share has been restated. Reference is made to note 13 for more information.

Consolidated statement of financial position as at 31 December 2023 (before appropriation of result)

AMOUNTS IN EUR '000	Notes	31-Dec-2023	31-Dec-2022
Assets			
Intangible assets	14	1,915	860
Property, plant and equipment	15	283,604	116,415
Right-of-use assets	31	108,342	104,466
Investment property	16	520	515
Investments in joint ventures	17	89	76
Total non-current assets		394,470	222,332
Inventories	18	517	427
Contract assets	19	28,712	18,315
Trade receivables	20	23,330	22,463
VAT receivable		7,758	-
Prepayments and other receivables		10,853	2,102
CIT receivable		2,991	1,832
Cash and cash equivalents	21	131,389	89,832
Total current assets		205,550	134,971
Total assets		**600,020**	**357,303**

AMOUNTS IN EUR '000	Notes	31-Dec-2023	31-Dec-2022
Equity			
Share capital	22	5,978	5,100
Share premium	22	49,711	1,059
Other capital reserves	22	80,500	-
Retained earnings		98,483	91,266
Result for the year		10,863	7,217
Equity attributable to shareholder		245,535	104,642
Non-controlling interests		1,479	1,122
Total equity		247,014	105,764
Liabilities			
Loans and borrowings - non-current	24	19,926	-
Lease Liabilities - non-current	24,31	102,875	99,006
Employee benefits - non-current	26	727	468
Deferred tax liabilities	12	1,814	688
Contract liabilities - non-current	19	71,768	-
Other non-current liabilities	28	409	810
Total non-current liabilities		197,519	100,972
Lease Liabilities - current	24,31	9,015	8,392
Provisions		-	228
Trade payables		87,324	92,333
Contract Liabilities - current	19	37,725	32,458
Employee benefits - current	26	4,029	3,310
Wage tax and social security		1,836	1,589
VAT payable		-	4,172
CIT payable		58	13
Other current liabilities	28	15,500	8,072
Total current liabilities		155,487	150,567
Total liabilities		353,006	251,539
Total equity and liabilities		**600,020**	**357,303**

Consolidated statement of changes in equity for the year ended 31 December 2023

AMOUNTS IN EUR '000	Share capital	Share premium	Other capital reserves	Retained earnings	Result for the year	Total	Non-controlling interests	Total equity
Balance as at 1 January 2023	5,100	1,059	-	91,266	7,217	104,642	1,122	105,764
Appropriation of result	-	-	-	7,217	(7,217)	-	-	-
Total comprehensive income								
Result for the year	-	-	-	-	10,863	10,863	357	11,220
Total comprehensive income	-	-	-	-	10,863	10,863	357	11,220
Transactions with owners of the Company								
Issuance of cumulative preference shares	-	-	50,000	-	-	50,000	-	50,000
Conversion of advance factory payment to perpetual bond	-	-	30,500	-	-	30,500	-	30,500
Issuance of additional ordinary shares	878	49,576	-	-	-	50,454	-	50,454
Fair value of share investment awards	-	87	-	-	-	87	-	87
Transaction costs related to issuance cumulative preference shares and additional ordinary shares (net of tax)	-	(1,011)	-	-	-	(1,011)	-	(1,011)
Total transactions with owners of the Company	878	48,652	80,500	-	-	130,030	-	130,030
Balance as at 31 December 2023	**5,978**	**49,711**	**80,500**	**98,483**	**10,863**	**245,535**	**1,479**	**247,014**
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 at 31 December 2022	**5,100**	**1,059**	**-**	**91,266**	**7,217**	**104,642**	**1,122**	**105,764**

Consolidated cash flow statement for the year ended 31 December 2023

AMOUNTS IN EUR '000	Notes	2023	2022
Cash flows from operating activities			
Profit before tax		13,654	10,188
Adjustments for:			
Depreciation and amortization of Property, Plant and Equipment and Intangible assets	14,15	12,132	14,116
Depreciation of right-of-use assets	31	10,765	10,110
Fair value adjustments on investment property	16	(5)	(90)
Unrealised changes in joint ventures	17	(13)	39
Fair value of share investment awards	22	87	-
Impairment (losses) / reversals on financial assets		(34)	3
Net finance costs		234	2,010
Changes in net working capital			
o Inventories	18	(90)	185
o Contract assets and liabilities	19	95,896	(10,626)
o Trade receivables	20	(833)	(4,539)
o Prepayments and other receivables		(5,162)	125
o Trade payables		(12,127)	26,544
Total changes in net working capital		77,684	11,689
VAT payable and receivable		(11,930)	4,222
Initial direct costs on operating lease contracts		-	(605)
Employee benefits		978	902
Provisions		(228)	228
Wage tax and social security		247	798
Other liabilities		4,515	2,326
Government grants received		632	380
Income taxes received / (paid)		(2,071)	(5,134)
Interest paid		(2,236)	(822)
Interest received		2,072	-
Net cash from operating activities		**106,483**	**50,360**

Consolidated cash flow statement for the year ended 31 December 2023 (continued)

AMOUNTS IN EUR '000		2023	2022
Cash flows from investing activities			
Purchase of intangible fixed assets	14	(1,055)	(760)
Purchase of property, plant and equipment	15	(168,803)	(19,523)
Net cash from (used in) investing activities		**(169,858)**	**(20,283)**
Cash flows from financing activities			
Proceeds from new borrowing	24	20,250	-
Transaction costs paid related to new finance facility	24	(3,647)	-
Proceeds from cumulative preference shares	22	50,000	-
Transaction costs paid on issue of cumulative preference shares	22	(68)	-
Proceeds from rights issue	22	50,454	-
Transaction costs paid on issue of ordinary shares	22	(1,294)	-
Payment of lease liabilities	31	(10,763)	(8,595)
Dividends paid	22	-	(4,851)
Net cash from (used in) financing activities		**104,932**	**(13,446)**
Net increase / (decrease) in cash and cash equivalents		41,557	16,631
Cash and cash equivalents at 1 January		89,832	73,201
Cash and cash equivalents at 31 December		**131,389**	**89,832**

Notes to the consolidated financial statements for the year ended 31 December 2023

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 2023, were authorised for issue in accordance with a resolution of the Executive Board on 18 March 2024.

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.

Manufacturing facility expansion

As per 13 Febuary 2023, the Executive Board of the Group has taken the Final Investment Decision ('FID') for the manufacturing facility expansion (hereafter 'expansion'). The Group is financing the expansion, which is estimated to amount to approximately EUR 328 million (including appropriate contingencies), through a combination of equity and debt, as well as advance factory payment by two launching customers, with the remainder being funded through cash and cash equivalents:

- EUR 100 million of advance factory payments from Launching Customers;
- EUR 50 million of newly issued cumulative preference shares;
- EUR 50 million raised through a rights offering;
- EUR 81 million Term-loans, as part of a EUR 481 million finance facility which in addition includes a guarantee facility of EUR 350 million and revolving credit facility of EUR 50 million; and
- EUR 40 million lease facility;
- EUR 7 million cash and cash equivalents.

(together, the 'Funding Package').

The effective date of the finance facility is 5 June 2023 and has a term of 6 years. The interest rate consists of EURIBOR (3 months) + margin, which is 2% for the term loans and for the revolving facility depended on the level of net leverage. As per 31 December 2023, the advance factory payments that have been received by the Group are classified in the balance sheet as non-current contract liability for EUR 69.5 million and other capital reserve for EUR 30.5 million. The other capital reserve relates to the advance factory payment related to cancelled Empire Wind 2 project, which contract is on 29 December 2023 terminated by launching customer Empire Offshore Wind LLC. Based on the specific contractual agreements, the AFP related to this contract (EUR 30.5 million) is converted into a perpetual bond. The total cash receipt of the advance factory payments is part of the changes in net working capital in the operating cash flow in the cash flow statement, the conversion of the advance factory payment to perpetual bond is a non-cash transaction. The cumulative preference shares are issued and the rights offering has been completed. One drawdown of the term-loans amounting to EUR 20,25 million has been made and the lease facility will only be used during 2024.

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 ongoing war in Ukraine and geopolitical tensions in other parts of the world continue to bring uncertainties and implications on global economy impacting various industries and sectors. The effects are wide ranging, including amongst others, inflation, volatile energy prices, pressure on supply chains, and fluctuating interest rates in most parts of the world. Mainly the high inflation and interest rates have resulted in cancelations of projects in the USA and UK, which also resulted in the cancelation of the Empire Wind 2 order for the Group. Furthermore, the development in relation to regulations about nitrogen deposition in the Netherlands have an effect on the execution of business operations.

We continue to monitor the developments and assess the implications on our business operations and we concluded that the impact on the performance of the business is not material for the 2023 financial period. In addition, the assessment did not result in any impairment or other material changes in the valuation of other assets and liabilities. Due to the unpredictable nature of this risk, we are actively monitoring the economic developments as the severity of the impact on our customers and our own business operations remain uncertain for the future. However, the outlook remains positive: the orderbook is well filled with 2024 fully booked and large orders being booked or under exclusive negotiations for 2025 and 2026 and the financing arrangements are renewed until June 2029. The recent cancelations are expected to have limited impact on the Group because of a solid order book and the recent cancelations are considered a temporary hick-up in the offshore wind market, with mid- to longterm demand outlook continuing to be strong. Due to the solid financing arrangements related to the expansion plans, a significant cash buffer has been created by the end of 2023, which is expected to be sufficient to fund the expected negative net cash flow during 2024 as a result of the finalisation of the expansion plans. In addition, the usage of the revolving credit facility of EUR 50 million is currently not foreseen, and is therefore an additional buffer for operational setbacks.

The Group assessed where climate related matters could have a significant impact on the going concern situation. As a consequence of emission-reduction legislation the demand for offshore wind energy is increasing and therewith increases 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.

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 Material 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 2023. 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 offshore steel structure 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, the variable considerations and any claims/litigations for each individual performance obligation and adjustments are made where appropriate. Furthermore, judgement is applied in relation to licensing contracts, which concerns the identification of performance obligations and the relative stand-alone selling prices based on which the transaction price is allocated to the identified performance obligations.
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. Furthermore, the Group entered into a lease agreement with Havenbedrijf Rotterdam N.V. for the lease of three plots in the Rotterdam harbor.

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).

3.3 Summary of material 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. In addition, 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. Furthermore, during 2023 the Group started licensing its technology and trademarks to customers.
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), liquidated damages (which are performance penalties in the contract in case agreed milestones are not met) and cancelation fees. 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 consideration 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.

Termination of contracts

In case of a termination of a contract with a customer, based on the specific contractual agreements the financial consequences are determined.

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 the Group’s performance and the throughput time of an individual performance obligation is limited, the Group considers the control of the service to be transferred 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.

Other revenue

In addition to revenue from construction contracts and marshalling contracts, the Group has limited revenue from engineering services, operational lease of the windmill on the Group's site in Rotterdam and the licensing of the Group's technology and trademarks.

The revenue for engineering services is recognised in line with the accounting policies for construction contracts. The operational lease of the windmill 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 licensing revenue is generated through licensing of the Group's technology and trademarks to customers, to enable them to produce and sell offshore wind products in line with the Group's quality standards. The technology license is granted as 'right to use' license while the license of the Group's trademark is granted as 'right to access'. Revenue from 'right to access' licenses is recognized over the (estimated) period during which the Group is obliged to provide access to the customers. License revenue for 'right to use' licenses is recognized at the moment the control passes to the customer, except for the usage-based royalties, which are recognized when the usage has taken place based on royalties the Group is entitled to for the period.

Bundeled goods and services

When products and services are offered as a bundle under one agreement or under a series of agreements that are commercially linked, the (estimated) total transaction price of the agreement is allocated to each of the identified 'distinct' performance obligation based on the relative stand-alone selling price of each element. Depending on their nature, the revenue from each of the 'distinct' performance obligations is recognized based on the applicable revenue recognition policy as described above.

The relative stand-alone selling price of each element in a bundled arrangement is based on the available stand-alone selling price or is estimated using methods allowed under IFRS, such as the cost plus reasonable margin method, residual method or a combination thereof. In making such estimates, management makes use of judgment and assumptions to arrive at an outcome that best reflects a transaction's substance.

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.

Share-based compensation
Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (equity-settled transactions) and/or share appreciation rights which are settled in cash (cash-settled transactions).

Equity-settled transactions
The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model (further details are given in note 27).

That cost is recognised in employee benefits expense, together with a corresponding increase in equity (share premium), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in Note 13).

Cash-settled transactions

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The fair value is determined using a binomial model (further details are given in note 27). The approach used to account for vesting conditions when measuring equity-settled transactions also applies to cash-settled transactions.

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.

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.

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

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, which is determined per project (with a standard assumption of 5 years). Amortization is recorded in depreciation and amortization costs. During the period of development, the asset is tested for impairment annually.

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.
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Interest expense arising from customer contracts with a significant financing component are capitalized as borrowing costs if they are directly attributable to the acquisition, construction or production of a qualifying asset.
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 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 and useful lifes 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 2023 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 and payables. 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 material financial liabilities include trade and other payables and loans and borrowings including bank overdrafts.

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

Subsequent measurement

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.

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.

Cumulative preference shares and perpetual bond
Cumulative preference shares and the perpetual bond are classified as either a financial liability or equity components based on the terms of the contract.

A financial liability is any liability that is:
> a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or
> a contract that will or may be settled in the entity’s own equity instruments and is a non–derivative for which the entity is or may be obliged to deliver a variable number of the entity’s own equity instruments, or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity’s own equity instruments.

The cumulative preference shares and perpetual bond have been classified as equity, because there is no mandatory redemption and distributions to the holders of the respective instrument are at the discretion of Sif.

The cash received is classified as other capital reserve in equity, the transaction costs (net of tax) are accounted for as a deduction from equity. The Group has chosen to recognise the charge as a reduction of share premium.

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.

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 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet 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 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.

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

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 echniques and inputs to develop accounting estimates.

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

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 prospectively to transactions that occur on or after the beginning of the earliest comparative period presented.

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

Amendments to IAS 12 International Tax Reform – Pillar Two Model Rules

The Amendments introduce:

- A mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The Group has adopted these amendments, however they are not yet applicable for the current reporting year as the Group's consolidated revenue is currently below the threshold of €750 million.

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 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures(*)

The amendments require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows, including:

- Terms and conditions
- As at the beginning and end of the reporting period:
- The carrying amounts of supplier finance arrangement financial liabilities and the lie items in which those liabilities are presented
- The carrying amounts of financial liabilities and the line items, for which the finance providers have already settled the corresponding trade payable
- The range of payment due dates for financial liabilities owed to the finance providers and for comparable trade payables that are not part of those arrangements
- The type and effect of non-cash changes in the carrying amounts of supplier finance arrangement financial liabilities, which prevent the carrying amounts of the financial liabilities from being comparable.

The amendments require an entity to aggregate information about its supplier finance arrangements, however, the entity must disaggregate information about unusual or unique terms and conditions of individual arrangements when they are dissimilar. Furthermore the amendments require that explanatory information about payment due dates, when those payment due date ranges are wide, to be disaggregated.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted but will need to be disclosed.

The Group is currently assessing the impact the amendments will have on current practice.

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 recognise 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.

Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rate: Lack of Exchangeability, effective 1 January 2025

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments also require disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.

The amendments apply to annual reporting periods beginning on or after 1 January 2025 and can be applied earlier, in which case, an entity is required to disclose that fact. However, an entity cannot restate comparative information

The Group is currently assessing the impact the amendments will have on current practice.

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 and production of offshore steel structures, and limited amounts for licensing fees 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	2023				2022			
	Wind	Marshalling	Other	Total	Wind	Marshalling	Other	Total
- Revenue from contracts with customers	428,580	3,275	16,217	448,072	352,863	3,422	7,606	363,891
- Operational lease income	-	4,733	1,494	6,227	-	9,084	1,568	10,652
Total revenue	428,580	8,008	17,711	454,299	352,863	12,506	9,174	374,543
- Raw materials	(251,120)	(1)	(1,251)	(252,372)	(191,494)	(46)	(134)	(191,674)
- Subcontracted work and other external charges	(30,145)	0	(558)	(30,703)	(36,104)	(30)	(427)	(36,561)
- Logistic and other project related expenses	(19,697)	(1,515)	(1,023)	(22,235)	(14,097)	(1,368)	(332)	(15,797)
Segment contribution	127,618	6,492	14,879	148,989	111,168	11,062	8,281	130,511
- Direct personnel expenses	(39,263)	(1)	(7,702)	(46,966)	(32,329)	(13)	(5,268)	(37,610)
- Production and general manufacturing expenses	(19,523)	0	(560)	(20,083)	(17,307)	0	(174)	(17,481)
Gross profit	68,832	6,491	6,617	81,940	61,532	11,049	2,839	75,420
Indirect personnel expenses				(26,073)				(21,204)
Depreciation and amortization				(22,897)				(24,226)
Facilities, housing and maintenance				(5,456)				(4,947)
Selling expenses				(892)				(628)
General expenses				(12,718)				(12,305)
Finance costs and impairment losses				(268)				(2,013)
Other income				5				90
Share of profit / (loss) of joint ventures				13				1
Total profit before tax				**13,654**				**10,188**

The depreciation and amortization expenses includes an amount of EUR 1.3 million (2022: EUR 3.8 million), which is related to the capitalised ground lease expenses for the logistical area (EUR 0.8 million, 2022: EUR 1.6 million) and initial direct costs for an operational lease contract (EUR 0.5 million, 2022: EUR 2.2 million) in the Marshalling segment (under IFRS 16).

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 adjust the promised amount of consideration for the effects of a significant financing component for the contracts with the launching customers for the expansion project, 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 more than one year. The impact on the promised amount of consideration is expected to be approximately EUR 4 million. 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	2023	2022
The Netherlands	15,311	156,074
United Kingdom	277,294	198,353
Norway	8,169	12,483
France	47,127	790
Germany	89,281	3,106
United States of America	8,550	-
Belgium	4,818	884
Rest of the European Union (EU)	1,859	1,943
Rest of the world	1,890	910
Total revenue	**454,299**	**374,543**

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 821 million (of which approximately EUR 418 million will be satisfied more than one year after reporting date) (2022: EUR 610 million of which approximately EUR 139 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 consideration (such as fluctuations in steel prices, liquidated damages and other types of variable consideration under existing contracts).

Major customers

Revenues from four customers of the Group's Wind segment represented approximately EUR 400 million (2022: three customers representing EUR 320 million) of the Group's total revenues. In 2023 the largest customer represented a revenue of approximately EUR 202 million, the second customer approximately EUR 89 million, the third customer approximately EUR 62 million and the fourth customer approximately EUR 47 million. In 2022 the largest customer represented a revenue of approximately EUR 123 million, the second customer approximately EUR 123 million and the third customer approximately EUR 74 million.

7 Personnel expenses

AMOUNTS IN EUR '000	2023	2022
Wages and salaries	28,225	25,658
Hired staff and temporary workers	32,704	22,875
Compensation/grants received	(534)	(823)
Social security contributions	3,833	3,277
Pension expenses	3,673	3,393
Other employee benefit expenses	5,138	4,434
Total personnel expenses	**73,039**	**58,814**

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 2023 amounted to 105.5% (2022: 106.8%). The 2023 pension premium has remained at a level similar to the 2022 premiums. The Group's participation in the industry pension fund is less than 0.05 % (2022: less than 0.05%) based on number of active participants in the plan.

The Group expects to incur costs for pension contributions of approximately EUR 3.8 million in 2024, of which approximately EUR 3.6 million to PMT industry fund.

Number of employees

The average number of employees employed by the Group in 2023 amounts to 386 FTE (2022: 365 FTE), which includes 39 FTE for KCI (2022: 43 FTE). The table below provides an overview of the average number of FTE split per functional area. All employees are based in the Netherlands.

	2023	2022
Production and distribution	179	170
Innovation and maintenance	32	32
Logistic services	28	27
Planning and engineering	55	56
Quality and safety	13	10
Sales	18	13
Management	4	5
Purchasing and warehousing	16	14
Administrative	9	9
Other	33	29
Total number of employees	**386**	**365**

8 Selling expenses

AMOUNTS IN EUR '000	2023	2022
Travel and representation	398	266
Promotional and advertising costs	285	218
Tender expenses	200	77
Other selling expenses	9	67
Total selling expenses	**892**	**628**

9 General expenses

AMOUNTS IN EUR '000	2023	2022
Consultancy fees	6,641	6,440
Insurances	2,451	2,148
Software, license fees	2,334	2,352
Office expenses	929	659
Other general expenses	363	706
Total general expenses	**12,718**	**12,305**

10 Net finance costs

AMOUNTS IN EUR '000	2023	2022
Interest on bank balances and on current account	(3,053)	-
Finance income	(3,053)	-
Interest on loans and borrowings	101	99
Borrowing cost finance facility	921	245
Interest expense on lease liabilities	937	943
Other finance costs	1,328	723
Finance costs	3,287	2,010
Net finance result recognized in profit or loss	**234**	**2,010**

11 Share of profit of joint ventures

For the year 2023 the result of the Group from joint ventures was EUR 13 thousand positive (2022: EUR 1 thousand positive). The amount consists of EUR 13 thousand positive related to SBR Engineering GmbH (2022: EUR 22 thousand positive) and EUR nihil from Smulders Sif Steel Foundations B.V. (2022: EUR 21 thousand negative) (see note 17).

12 Income tax expense

Income tax recognized in profit or loss

AMOUNTS IN EUR '000	2023	2022
Current tax (expense)/benefit:		
Current year	(533)	1,245
Prior year adjustments	1,541	(11)
Income tax expense	1,008	1,234
Deferred tax (expense)/benefit:		
Tax losses	(5,180)	-
Originating from temporary differences and their reversal	9,271	1,649
Prior year adjustment	(1,806)	(189)
Change due to tax rate change	(859)	(24)
Deferred tax expense	1,426	1,436
Total tax (expense)/benefit recognized in statement of profit or loss	**2,434**	**2,670**

The prior year adjustments in 2023 relate mainly to adjustments in the tax base of tangible assets and an increased benefit from tax incentives, which is confirmed by the latest finalized 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	Recognized in profit or loss	Reclassified	Net balance at 31 December
2023				
Intangible fixed assets	(28)	(467)	-	(495)
Property, plant and equipment	(78)	(7,314)	-	(7,392)
Right of use assets and lease liabilities	913	28	-	941
Investment property	(20)	(1)	-	(21)
Contract assets	(941)	1,061	-	120
Accounts receivable	3	9	-	12
Employee benefits	31	68	-	99
Other liabilities	(568)	10	-	(558)
Withholding tax	-	-	300	300
Losses available for offsetting against future taxable income	-	5,180	-	5,180
Tax assets (liabilities) after netting	**(688)**	**(1,426)**	**300**	**(1,814)**

AMOUNTS IN EUR '000	Net balance at 1 January	Recognized in profit or loss	Reclassified	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)**

The (net) deferred tax liability related to property, plant and equipment is related to the voluntary depreciation facility of the Dutch tax authorities, which allows a maximum of 50% fiscal depreciation over the expenditures in 2023 related to certain qualifying equipment under construction. Applying this facility, the Group has accounted for a fiscal depreciation amounting to EUR 42.6 million in 2023 (deferred tax liability of EUR 10.0 million). In addition, as a result of the limit of fiscal depreciation of buildings until the tax value ('WOZ waarde'), the tax base of the buildings exceeds the commercial value by EUR 11.3 million, which results in a deferred tax asset of EUR 3.4 million.
Due to the voluntary depreciation facility, the taxable result of 2023 is negative, for which a deferred tax asset is recorded amounting to EUR 5.1 million. These losses are available indefinitely for offsetting against future taxable income.

Unrecognized deferred tax assets and liabilities

At 31 December 2023 and 31 December 2022, the Group has recognized all deferred tax assets applicable to the Group.

Reconciliation of effective tax rate

%	2023	2022
Tax using the Company's domestic tax rate	25.8	25.1
Adjustment in tax rates due to corrections prior year	(2.0)	1.5
Reduction in tax rates due to tax incentives	-	(1.5)
Revaluation of deferred tax balances	(6.3)	-
Participation Exemption	-	-
Non tax deductible expenses	0.3	1.1
Effective tax rate	**17.8**	**26.2**

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. Due to the fact that the Group reports a taxable loss for the year 2023, no innovation box gain is applicable.

The revaluation of deferred tax balances is the result of the application the lower tax rate which is applicable to the future reversals of temporary differences as a result of the innovation box.

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 Group (adjusted for the undeclared dividend on the cumulative preference shares) and the weighted-average number of ordinary shares outstanding.

	2023	2022
Profit attributable to equity holders of Sif Holding N.V.	10,863	7,217
Undeclared returns to preference shareholders	(1,884)	-
Profit attributable to ordinary equity holders of Sif Holding N.V.	8,979	7,217
Issued ordinary shares at 1 January	25,501,356	25,501,356
Issued shares in rights offering	4,387,256	-
Issued ordinary shares at 31 December	**29,888,612**	**25,501,356**
Effects of issued ordinary shares in 2023 (including the retrospective adjustments)	2,286,077	286,024
Weighted average number of ordinary shares at 31 December (numerator for earnings per share calculation)	27,787,433	25,787,380
Earnings per share, including effects rights issue	**0.32**	**0.28**

Reference is made to note 22 for more information related to the equity raise through rights offering. This rights offering included a bonus element (reflecting the difference between the subscription price and the theoretical ex-rights price per share) increasing the number of ordinary shares outstanding to be used in calculating basic and diluted earnings per share for the period before the equity raise. Accordingly, the table above presents the numerators and a reconciliation of the weighted average common shares outstanding for the purposes of basic and diluted earnings per share for the year ended 31 December 2023 and as retrospectively adjusted for the above mentioned bonus elements for the year ended 31 December 2022.

The issuance of the convertable cumulative preference shares could have an impact on the weighted average number of (diluted) ordinary shares. However, their conversion to ordinary shares would not decrease earnings per share or increase loss per share and as such they have not been treated as dilutive.

14 Intangible assets

Reconciliation of the carrying amount

AMOUNTS IN EUR '000	Software	Capitalised R&D	Total
Cost			
Balance at 1 January 2023	2,042	860	2,902
Additions	-	1,055	1,055
Disposals	-	-	-
Balance at 31 December 2023	**2,042**	**1,915**	**3,957**
Balance at 1 January 2022	2,042	100	2,142
Additions	-	760	760
Disposals	-	-	-
Balance at 31 December 2022	**2,042**	**860**	**2,902**
Accumulated depreciation			
Balance at 1 January 2023	(2,042)	-	(2,042)
Depreciation	-	-	-
Disposals	-	-	-
Balance at 31 December 2023	**(2,042)**	**-**	**(2,042)**
Balance at 1 January 2022	(1,665)	-	(1,665)
Depreciation	(377)	-	(377)
Disposals	-	-	-
Balance at 31 December 2022	**(2,042)**	**-**	**(2,042)**
Carrying amounts			
At 31 December 2023	-	1,915	1,915
At 31 December 2022	-	860	860

15 Property, plant and equipment

Reconciliation of the carrying amount

AMOUNTS IN EUR '000	Land and buildings	Plant and equipment	Other fixed assets	Assets under construction	Total
Cost					
Balance at 1 January 2023	136,758	109,838	4,052	20,407	271,055
Additions	-	-	-	179,321	179,321
Transfers	3	11,587	419	(12,009)	-
Disposals	-	-	-	-	-
Balance at 31 December 2023	**136,761**	**121,425**	**4,471**	**187,719**	**450,376**
Balance at 1 January 2022	131,363	106,159	3,483	7,508	248,513
Additions	-	-	-	22,542	22,542
Transfers	5,394	3,683	566	(9,644)	-
Disposals	-	-	-	-	-
Balance at 31 December 2022	**136,758**	**109,842**	**4,049**	**20,407**	**271,055**
Accumulated depreciation					
Balance at 1 January 2023	(65,838)	(85,807)	(2,995)	-	(154,640)
Depreciation	(4,504)	(7,273)	(355)	-	(12,132)
Disposals	-	-	-	-	-
Balance at 31 December 2023	**(70,342)**	**(93,080)**	**(3,350)**	**-**	**(166,772)**
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)**
Carrying amounts					
At 31 December 2023	66,419	28,345	1,121	187,719	283,604
At 31 December 2022	70,920	24,035	1,054	20,407	116,415

At 31 December 2023 and 2022 all directly owned property, plant and equipment was collateralized as part of the financing agreements in place (see note 24).

Capitalised borrowing costs

The Group started the construction of the manufacturing facility expansion during 2023. This project is expected to be completed at the end of 2024. The carrying amount of the expansion at 31 December 2023 was EUR 183.8 million (2022: EUR 13.1 million). Reference is made to note 2 for a description of the funding package.

The amount of borrowing costs capitalised during the year ended 31 December 2023 was EUR 1.0 million (2022: Nil). The weighed average rate used to determine the amount of borrowing costs eligible for capitalisation was 2.5%, which is the weighted average EIR of the borrowings and advance factory payments received during 2023.

16 Investment property

Reconciliation of the carrying amount

AMOUNTS IN EUR '000	2023	2022
Balance at 1 January	515	425
Additions	-	-
Revaluation	5	90
Balance at 31 December	**520**	**515**

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 2023 is estimated at EUR 520 thousand (2022: EUR 515 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 2023 the Group's interest in the joint venture amounts EUR 79 thousand (2022: EUR 66 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 (2022: EUR 10 thousand).

AMOUNTS IN EUR '000	2023	2022
Balance at 1 January	76	115
Additions	-	-
Result for the year	13	1
Dividends paid	-	(40)
Balance at 31 December	**89**	**76**

18 Inventories

AMOUNTS IN EUR '000	2023	2022
Raw materials and consumables	517	427
Total inventories	**517**	**427**

During 2023 and 2022 no inventories were written down to the lower of net realisable value.

19 Contract assets and liabilities

AMOUNTS IN EUR '000	2023	2022
Contract assets	28,712	18,315
Contract liabilities - current	(37,725)	(32,458)
Contract liabilities - non-current	(71,768)	-
Net contract assets and liabilities	**(80,781)**	**(14,143)**
Expenses incurred including realized profit to date	1,677,096	1,223,926
Invoiced terms	(1,757,877)	(1,238,069)
Net contract assets and liabilities	**(80,781)**	**(14,143)**

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. The non-current contract liabilities comprise mainly of the Advance Factory Payments ("AFPs") received from launching customers. This AFP is part of the funding package for the expansion plans, and will be settled in a future construction contract. The contract liability is classified non-current, as the related performance obligation is expected to be satisfied after more than one year after reporting date. There is a significant financing component included in the contract, considering the length of time between the customers' payment and the satisfaction of the related performance obligation. As such, the transaction price for the contract is discounted, using the interest rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. As per 31 December 2023, the impact on the non-currenct contract liabilities amounts to EUR 1.0 million. As noted in note 2, the original cash receipt related to the AFP of the Empire Wind 2 contract (EUR 30.5 million) is converted into a perpetual bond. Reference is made to note 22 for more information related to the perpetual bond.

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 0.3 million at 31 December 2023 (31 December 2022: EUR 0.4 million). The revenues recognized in the reporting period that was included in the contract liability balance at the beginning of the period amounts EUR 32.1 million (2022: EUR 37.0 million). Revenue recognized in the reporting period from performance obligations satisfied (or partially satisfied) in previous periods amounts to EUR 30.0 million (2022: EUR 8.1 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.

Except for the AFP and part of the contract liability related to the licensing contract which are considered to be non-current, both the contract assets and liabilities 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 2023 no impairment deemed necessary for unrecoverable receivables (2022: EUR 1.3 million). In addition, an amount of EUR 46 thousand for impairment costs due to expected credit loss (IFRS 9) has been reported (2022: EUR 12 thousand). The movements related to expected credit loss over the period are considered to be immaterial.

At year end EUR nil of the total open balance refers to related parties (2022: EUR nil).

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 2023							
Expected credit loss rate	0.20%	0.20%	0.20%		0.20%		0.20%
Estimated total gross carrying amount at default	23,376	22,046	1,047	-	114	-	169
Expected credit loss	(46)	(43)	(2)	-	0	-	0
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	-	43	30	448
Expected credit loss	(12)	(12)	0	-	0	0	0

21 Cash and cash equivalents

AMOUNTS IN EUR '000	2023	2022
Bank balances	131,389	89,832
Cash and cash equivalents	**131,389**	**89,832**

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). On 7 July 2023, the issued share capital was increased by EUR 0.9 million. This was done by the issue of 4,387,256 ordinary shares with a nominal value of EUR 0.20, of which 33,366 to the Management Team of the Group. Reference is made to note 13 for the reconciliation of the number of shares outstanding. All ordinary shares rank equally with regard to the Company's residual assets.

Share Investments

In June 2023, the Company invited the members of the Management Team and selected employees ("Participants") to invest in the Company's shares at the time of the Rights Issue. The number of shares was determined by dividing a Participant's investment amount with the purchase price per share of EUR 11.50.

The members of the Executive Board purchased Ordinary Shares by either (i) participating in the Rights Issue Offering through exercising Rights purchased on Euronext Amsterdam and/or (ii) purchases of Ordinary Shares.

Members of the Management Team and other key employees of the Company purchased 33,366 new Ordinary Shares in total that were issued separately under the authorisation that was granted to the Executive Board by the General Meeting on 12 May 2023. The shares acquired by the Participants are subject to a four-year lock-up period as from the issuance date, which is automatically lifted upon termination of employment.

The fair value of these equity-settled awards is equal to the grant date fair market value of the shares acquired less the price paid by the Participants. Since the purchase price per Company Share of EUR 11.50 represented a discount of 18.4% to the closing price of the Company's Ordinary Shares, the share investments resulted in an accounting fair value of EUR 87 thousand. This grant date fair value has been recognised as an expense in 2023, with a corresponding entry in share premium.

Share premium

The during 2023 newly issued 4,387,256 ordinary shares were issued at a share price of EUR 11,50, which results in an addition in share premium amounting to EUR 49.6 million.

Furthermore, the (net of tax) incremental transaction cost related to the issued ordinary shares (EUR 960 thousand) and cumulative preference shares (EUR 51 thousand) are accounted for as a deduction from share premium. The total tax effect of these transaction costs amounts to EUR 351 thousand.

Other capital reserves

Cumulative preference shares

As part of the funding package for the financing of the expansion plans, the Group entered into a placement agreement with Equinor Renewables B.V. and Equinor New Energy AS for the issue of 50,000 Preference Shares to Equinor Renewables B.V. against payment of a subscription price of EUR 1 thousand per Preference Share (EUR 50 million in gross proceeds).

The holder of Preference Shares will be entitled to receive, out of funds legally available for distribution, with first priority over Ordinary Shares, cumulative dividends at a fixed annual coupon rate of 5% until 30 June 2025, which rate will be annually increased as of 1 July 2025 as follows:

- an increase of 0.5% per annum as of 1 July 2025;
- an increase of 0.75% per annum as of 1 July 2026; and
- an increase of 0.75% per annum as of 1 July 2027.
- an increase of 1.0% per annum as of 1 July 2028.
  The maximum fixed annual coupon rate as of 1 July 2028 will therefore be 8%.

The Executive Board has the discretion any given year to pay out the coupon amount. As per 31 December 2023, the cumulative undeclared amount of dividends amount to EUR 1.9 million. The Preference Shares will rank ahead of the Ordinary Shares on the liquidation of the Company.

Furthermore, at the option of the Group, the Preference Shares may be redeemed, in whole or in part, at a price equal to the initial stated amount, plus any accrued but unpaid dividends as of the date of such redemption. This option shall only be exercisable by the Company from 1 January 2025.

From 1 July 2028, the holder of the Preference Shares has the right to convert the Preference Shares to Ordinary Shares by resolution of the Executive Board that has been approved by the Supervisory Board. The conversion will be in respect of the initial stated amount and any accrued but unpaid dividends, at a fixed conversion ratio calculated as the subscription price paid for the Preference Share, plus any dividend which accrued thereon but remains unpaid, divided by a conversion price of EUR 12 per Ordinary Share.

Perpetual bond

As disclosed in note 19, one of the launching customers (Empire Offshore Wind LLC) has terminated a construction contract with the Group. Based on the specific contractual agreements, the AFP related to this contract (EUR 30.5 million) is converted into a perpetual bond as per 29 December 2023. The bond has the following terms:

- There is no fixed redemption date;
- The bond will bear interest on its principle amount of EURIBOR + 5% margin, as from 1 January 2026, subject to an annual increase by 0.75% beginning on 1 July 2027 and each anniversary thereof;
- The Group may, at its discretion, elect to defer all or part of any payment of all or part of any interest. Any deferred interest shall itself bear interest at a rate equal to 2% plus the applicable margin;
- The Group will have an obligation to pay interest in certain specifically agreed events, the occurrance of the events is always controlled by the Group.

The Group has an unconditional right to avoid delivering cash or another financial instrument in relation to the perpetual bond, resulting in the classification as an equity instrument.

Dividends

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

	2023	2022
Number of ordinary shares dividend eligible	29,888,612	25,501,356
Rounded dividend per ordinary share (€)	0.00	0.19
Dividends declared and settled during the year (€ '000)	**-**	**4,851**

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. However, currently, the Group does not pay any dividend in respect of its share capital due to a contractual obligation under the financing facility agreement. Pursuant to the financing facility agreement, the Group shall not declare, make or pay any dividend or other distributions in respect of its share capital if (i) a default under the Facility Agreement is continuing or would occur as a result of the making of such payment; (ii) the Manufacturing Expansion is not yet completed; and (iii) certain criteria in relation to the leverage financial covenant in the financing facility agreement are not yet satisfied.

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 this subsidiary is provided below. This information is based on amounts before intercompany eliminations.

Summarised statement of profit or loss:

AMOUNTS IN EUR '000	2023	2022
Operating lease income	1,480	1,480
Depreciation and amortization	(359)	(359)
Other operating expenses	(103)	(153)
Finance costs	169	(10)
Profit before tax	1,187	958
Income tax	(292)	(205)
Profit after tax	**895**	**753**
Attributable to non-controlling interests	357	301
Dividends paid to non-controlling interests	-	-

Summarised statement of financial position as at 31 December:

AMOUNTS IN EUR '000	2023	2022
Property, plant and equipment	5,748	6,107
Trade receivables	511	14
Cash and cash equivalents	6,304	5,264
Trade and other payables	(8,541)	(8,257)
Interest-bearing loans and borrowings	(325)	(325)
Total equity	**3,697**	**2,803**
Attributable to:		
Equity holders of parent	2,219	1,682
Non-controlling interest	1,479	1,122

Summarised cash flow information for year ended 31 December:

AMOUNTS IN EUR '000	2023	2022
Operating	871	1,714
Investing	-	-
Financing	169	(10)
Net increase in cash and cash equivalents	**1,040**	**1,704**

24 Loans and borrowings

The company has the following loans and borrowings:

AMOUNTS IN EUR '000	2023	2022
Loans and borrowings - non-current	19,926	-
Lease liabilities - non-current	102,875	99,006
Lease liabilities - current	9,015	8,392
Total Loan and borrowings	**131,816**	**107,398**

As part of the financing plan of the factory expansion, the Group has refinanced its existing financing facility into a term-loan facility amounting to EUR 81 million and a revolving credit facility amounting to EUR 50 million. As per 31 December 2023 EUR 20.25 million has been drawn from the term-loan facility and the revolving credit facility has been unused.
The prepaid transaction costs of the term-loan facility and the revolving credit facility are respectively included in the amortized cost of the term-loans and presented as part of prepayments. In case of a drawdown from the revolving credit facility the prepaid transaction costs are included in the the amortized cost of the outstanding balance. Both are recognized as expense over the duration of the facilities. The refinancing is treated as the derecognition of the original facility and recognition of the new facility, as new lenders are added and the terms of the facility are substantially modified.

The movement in loans and borrowings can be specified as follows:

AMOUNTS IN EUR '000	2023	2022
Nominal value at 1 January	-	-
Financing costs	-	-
Net value of loans and borrowings at 1 January	-	-
Movements nominal value:		
Drawdown of term loans	20,250	-
Movements in financing costs:		
Additions prepaid transaction costs	(492)	-
Amortization prepaid transaction costs	168	-
Nominal value at 31 December	20,250	-
Financing costs	(324)	-
Net value of loans and borrowings at 31 December	**19,926**	**-**

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

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

The term-loan facilities, revolving facilities and lease facility (not drawn yet in 2023) are subject to covenant requirements. The following financial ratios have to be met:

	Solvency	**Net leverage**
Quarter ended:		
31 December 2023	30%	3.50
All quarter-ends during 2024	25%	4.00
31 March 2025	30%	3.50
30 June 2025	35%	3.50
30 September 2025	35%	3.00
31 December 2025 and further	35%	2.50

Reference is made to section “Definition and Explanation of use of non-IFRS financial measures” of the Annual Report for the definition of the ratios.

At year-end 2023 the Group met the applicable covenants, and the Group expects to meet the covenants during 2024.

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

The terms and conditions of outstanding loans are as follows:

AMOUNTS IN EUR '000	Currency	Nominal interest rate (%)	Year of maturity	Fair value 2023	Carrying amount 2023	Fair value 2022	Carrying amount 2022
Term loans	EUR	Euribor + 2%	2029	19,926	19,926	-	-
Total interest-bearing loans and borrowings				**19,926**	**19,926**	**-**	**-**

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 185 and 335 bps. The revolving credit facilities are collateralized by the following items:

- Current assets (inventory and contract assets net position);
- Trade receivables;
- Intercompany receivables;
- Cash and cash equivalent 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 131.4 million at 31 December 2023 (2022: EUR 89.8 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 2023							
Non-derivative financial liabilities							
Term loans	19,926	20,250	-	-	-	-	20,250
Lease liabilities	111,890	120,243	2,522	7,412	9,830	27,075	73,404
Trade payables	87,324	87,324	87,324	-	-	-	-
Other current financial liabilities	21,423	21,423	21,423	-	-	-	-
Total non-derivative financial liabilities	**240,563**	**249,240**	**111,269**	**7,412**	**9,830**	**27,075**	**93,654**

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	-	-	-	-
Other current financial liabilities	17,156	17,156	17,156	-	-	-	-
Total non-derivative financial liabilities	**216,887**	**228,145**	**111,870**	**7,062**	**7,780**	**24,815**	**76,618**

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 2023, the Group uses no derivatives to manage market risks (2022: none). All such, potential transactions would be carried out within treasury policy guidelines.

Interest rate risk

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

AMOUNTS IN EUR '000	2023	2022
Variable rate instruments		
Term loans	19,926	-
	19,926	**-**

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

AMOUNTS IN EUR '000	50 basis points increase	50 basis points decrease
31 December 2023		
Variable rate instruments	16	(16)
Net impact	**-**	**-**
31 December 2022		
Variable rate instruments	-	-
Net impact	**-**	**-**

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	2023	2022
Jubilee provision	393	375
Accrual for employee bonuses	1,488	911
Accrual for employee vacation days outstanding	1,256	1,325
Personnel expenses payable	1,619	1,167
Total employee benefits liabilities	**4,756**	**3,778**
Non-current	727	468
Current	4,029	3,310
Total employee benefits liabilities	**4,756**	**3,778**

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

AMOUNTS IN EUR '000	2023	2022
Balance at 1 January	375	436
Additions	52	-
Used	(34)	(20)
Released	-	(41)
Balance at 31 December	**393**	**375**

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 the members of the Management Team 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 2023 the outstanding liability with regard to the PSU plan was EUR 0.3 million (2022: EUR 0.2 million). During 2023 a number of 11.533 PSUs are vested and exercised (2022: 12.177), 2.840 PSUs are forfeited (2022: 0) and 22.264 PSUs are awarded (2022: 26.734). At 31 December 2023 a number of 51.743 PSUs are outstanding (2022: 43.852 PSUs), which vest on average 19 months after reporting date (2022: 20 months).

Spot Bonus Awards

In 2023, the Company has granted conditional Spot-Bonus Awards to the members of the Executive Board, the members of the Management Team and other key employees of the Group, related to the manufacturing facility expansion. A Spot-Bonus Award consists of two separate conditional cash bonus amounts, which are subject to service conditions that have to be met for the Award to vest. If a value cap is included in the award agreement, each actual Spot-Bonus payment at the vesting date is subject to a value cap of two times the respective Spot-Bonus value at the award date.

The grant date for the first tranche is the award date (16 June 2023), as the grant is unconditional. The grant of the second tranche is subject to the finalisation and approval of the vesting performance conditions, which is expected in the course of 2024. The vesting date of the first tranche is the third anniversary of the grant date, subject to continued employment and holding shares in the Company for at least the investment amount at the vesting date. The vesting date of the second tranche is three years after the date that the manufacturing facility is fully operational.

The total Spot-Bonus Award values granted in 2023 amount to EUR 0.7 million for the members of the Executive Board and EUR 0.9 million for other participants (EUR 1.6 million in total). The Award value for the second tranche will be determined based on the annual base salaries as applicable at the grant date.

An adjustment factor will be applied to the actual Spot-Bonus Award value at the relevant vesting date based on the Total Shareholder Return performance of the Company Share during the period between the relevant vesting commencement date and the relevant vesting date (the "TSR modifier"). Total Shareholder Return means the development of the share price during the relevant period whereby dividends are considered reinvested at the relevant dividend payment date. If dividend would be paid during this period, this would also be included in this adjustment factor.

Due to the TSR modifier, the value development for a Spot-Bonus Award is equal to the return a shareholder would realize on a Share of the Group during the relevant period. As a result, the Spot-Bonus Awards are accounted for as cash-settled share-based payment awards.

As of each reporting date, the fair value of a Spot-Bonus Award is determined based on the share price development between the vesting commencement date and the (estimated) vesting date. Based on the Total Shareholder Return performance between the Award date and 31 December 2023, the total estimated fair value of the Spot-Bonus Awards amounts to EUR 1.1 million. Of the recognized fair value, EUR 0.2 million has been recognised as an expense and a liability in 2023, in accordance with the relevant vesting period for the first tranche.

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 premiums to be paid for bank guarantees after 12 months (EUR 0.3 million, 2022: EUR 0.7 million).

The other current liabilities include mainly liabilities for invoices to be received (EUR 14.6 million, 2022: 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. At year-end 2023, the solvency ratio was 43.8 % (2022: 40.3%).

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

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

2 – Sif Decom B.V. has been incorporated on 17 October 2023.

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 1.7 million in 2023 (2022: EUR 3.6 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 2023	129,500
Additions	7,873
Remeasurement	6,768
Disposals	(2,610)
Balance at 31 December 2023	**141,531**
Balance at 1 January 2022	119,479
Additions	6,394
Remeasurement	3,670
Disposals	(43)
Balance at 31 December 2022	**129,500**
Accumulated depreciation	
Balance at 1 January 2023	(25,034)
Depreciation	(10,765)
Disposals	2,610
Balance at 31 December 2023	**(33,189)**
Balance at 1 January 2022	(14,881)
Depreciation	(10,110)
Disposals	(43)
Balance at 31 December 2022	**(25,034)**
Carrying amounts	
At 31 December 2023	108,342
At 31 December 2022	104,466

Lease liabilities

AMOUNTS IN EUR '000

Balance at 1 January 2023	107,398
Additions	7,873
Remeasurement	6,768
Lease terms	(11,086)
Financing costs	937
Balance at 31 December 2023	**111,890**
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**
Carrying amounts	
At 31 December 2023	111,890
At 31 December 2022	107,398

Of the total carrying value per year-end 2023 an amount of EUR 9.0 million is classified current (2022: EUR 8.5 million).

The additions in right-of-use assets include mainly leased logistical equipment (EUR 3.2 million).

The Group had total cash outflows for leases of EUR 10.8 million in 2023 (2022: EUR 8.6 million). The Group also had non-cash additions to right-of-use assets and lease liabilities of EUR 7.9 million in 2023 (2022: EUR 5.8 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 2023 EUR 1.5 million (2022: 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 2023 EUR 4.7 million (2022: EUR 9.1 million).

Future minimum rental receivable

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

AMOUNTS IN EUR '000	2023	2022
Less than 1 year	747	3,184
Between 1 and 2 years	-	-
More than 2 years	-	-
Total future minimum rental receivable	**747**	**3,184**

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 2023, the Group's commitments for the purchase of property, plant and equipment amounts to EUR 152.8 million (2022: EUR 6.4 million), which includes EUR 150.6 million related to the expansion plans of the production facilities.

The commitments for raw materials amounts to EUR 136.5 million (2022: EUR 152.4 million) and commitments for subcontracting amounts to EUR 2.9 million (2022: EUR 6.5 million).

Guarantee facilities

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

AMOUNTS IN EUR '000	Type	31 December 2023		31 December 2022	
		Total facility	Used	Total facility	Used
Euler Hermes S.A. / Tokio Marine Europe S.A.	General	150,000	95,357	130,000	80,091
Coöperatieve Rabobank U.A.	General	50,000	39,596	40,000	11,255
ING Bank N.V.	General	50,000	33,107	40,000	33,190
ABN AMRO Bank N.V.	General	50,000	28,920	40,000	27,532
DNB	General	50,000	26,970	-	-
Total		**350,000**	**223,950**	**250,000**	**152,068**

With an effective date of 5 June 2023, the existing finance facility of the Group has been refinanced (and expanded) for the purpose of the financing of the expansion plans. The guarantee facility included in the revolving facility commitment has been expanded from EUR 250 million to EUR 350 million.

The Group is jointly and severally liable for all amounts to which Euler Hermes S.A., Tokio Marine Europe S.A., ING Bank N.V., ABN Amro Bank N.V., Coöperatieve Rabobank U.A. and DNB (UK) Limited have a right to claim in relation to the above mentioned guarantees.

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.

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 259 thousand (2022: EUR 192 thousand). Furthermore the Group sent no invoices to Smulders Sif Steel Foundations B.V. for project related work performed (2022: EUR nihil).

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:

	2023	2022
G.G.P.M. van Beers	38,999	16,500
B.J. Meijer	11,814	-
Balance at 31 December	**50,813**	**16,500**

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

AMOUNTS IN EUR	2023	2022
A. Goedée[1]	25,577	70,000
P.J. Gerretse[2]	60,625	45,000
C.A.J. van den Bosch[2]	16,875	45,000
P.E. Visser[3]	45,000	45,000
P.E. Wit[4]	45,000	45,000
A. Heckman[5]	28,515	-
A. Vos[6]	14,178	-
	235,770	**250,000**

1. Member of the supervisory board until 12 May 2023.
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.
5. Member of the supervisory board as of 12 May 2023.
6. Member of the supervisory board as of 8 September 2023.

Compensation of the current executive board members

AMOUNTS IN EUR	G.G.P.M. van Beers 2023	G.G.P.M. van Beers 2022	B.J. Meijer 2023	B.J. Meijer 2022
Base salary	432,555	398,879	261,938	235,980
Employer´s pension contributions	27,847	24,458	23,626	20,604
Pension compensation	35,696	33,742	18,095	16,649
Annual bonus (expenses)	163,932	149,619	94,922	69,917
Non-recurring bonus (expenses)	46,758	-	28,073	-
LTIP, including spot bonus (expenses)	120,964	63,564	64,820	20,689
Other benefits (car lease, travel expenses and relocation expenses)	51,853	50,463	42,955	40,471
Social security and other payments	11,168	9,881	11,168	9,881
Total remuneration	**890,773**	**730,606**	**545,596**	**414,191**
Paid annual bonus in the year, earned over the previous year	149,619	201,906	69,917	59,273
Paid vested LTIP	85,507	85,026	-	-
Total actual paid variable remuneration	**235,126**	**286,932**	**69,917**	**59,273**

34 Service fees paid to external auditors

The total service fees of external auditors for financial years 2023 and 2022, which consist of services related to the respective reporting periods, can be specified as follows:

AMOUNTS IN EUR '000	Ernst & Young Accountants LLP 2023	Ernst & Young Accountants LLP 2022	Other 2023	Other 2022
Audit of financial statements	484	360	-	-
Other assurance services	163	45	4	9
Total	**647**	**405**	**4**	**9**

35 Events after the reporting period

In January 2024, the Nature Permit for the manufacturing expansion has become irrevocable. This fulfilled the last condition precedent for tranche B of the Covered Term Facility of the bank consortium, which subsequently refinanced the Covered Bridge Facility of InvestNL (amounting to EUR 64.8 million) on 29 February 2024.

In addition, on 14 March 2024 the second drawing of EUR 20.25 million of the Term loans has been performed.

Separate statement of profit or loss for the year ended 31 December 2023

AMOUNTS IN EUR '000	Notes	2023		2022	
Management fee	39	1,923		1,716	
Total revenue			1,923		1,716
Indirect personnel expenses	40	(2,136)		(1,903)	
General income / (expenses)	41	(2,101)		(8,028)	
Operating profit			(2,314)		(8,215)
Finance income		1,544		-	
Finance costs		(1,712)		(547)	
Net finance costs			(168)		(547)
Profit before tax			(2,482)		(8,762)
Income tax expense			(928)		1,304
Result of participation in subsidiaries	43		14,260		14,653
Result of participation in joint ventures			13		22
Profit after tax			**10,863**		**7,217**

Separate statement of financial position as at 31 December 2023 (before profit appropriation)

AMOUNTS IN EUR '000	Notes	31-Dec-2023	31-Dec-2022
Assets			
Investments in subsidiaries and joint ventures	43	204,800	185,786
Other non-current financial assets		1,195	195
Deferred tax assets		67	7
Total non-current assets		206,062	185,988
Amounts due from group companies		36,546	-
VAT receivable		-	417
CIT receivable		2,991	1,821
Prepayments and other receivables		3,565	303
Cash		52,138	422
Total current assets		95,240	2,963
Total assets		**301,302**	**188,951**

AMOUNTS IN EUR '000		31-Dec-2023	31-Dec-2022
Equity			
Share capital		5,978	5,100
Share premium		49,711	1,059
Other capital reserves		80,500	0
Legal reserves		1,915	860
Retained earnings		96,568	90,406
Result for the year		10,863	7,217
Total equity	44	245,535	104,642
Liabilities			
Loans and borrowings - non-current		19,926	-
Provisions	45	-	20,259
Employee benefits - non-current		204	74
Total non-current liabilities		20,130	20,333
Trade payables		462	402
Amounts due to group companies	46	34,078	61,388
Employee benefits - current		410	325
Wage tax and social security		86	58
Other current liabilities		601	1,803
Total current liabilities		35,637	63,976
Total liabilities		55,767	84,309
Total equity and liabilities		**301,302**	**188,951**

Notes to the separate financial statements for the year ended 31 December 2023

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 Material 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.

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 2023 amounts to 3 FTE (2022: 2 FTE), of which 2 FTE (2022: 2 FTE) are the members of the Executive Board.

41 General income / (expense)

The general income / (expense) comprise mainly of consultancy fees in relation to the preparation and financing of the manufacturing facility expansion. As the expansion project has started during 2023 and the financing has been secured, the fees have decreased as compared to 2022.

42 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
Twinpark Sif B.V.[1]	Roermond	59,4
SBR Engineering GmbH	Siegen-Netphen	50
KCI The Engineers B.V.	Schiedam	100
Sif Decom B.V. [2]	Roermond	100

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

2 - Sif Decom B.V. has been incorporated on 17 October 2023.

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.

43 Investments in subsidiaries and joint ventures

AMOUNTS IN EUR '000

Balance at 1 January 2023	185,786
Share in income of subsidiaries and joint ventures	14,273
Dividend / capital contribution / (repayment)	25,000
Reclassification from provisions	(20,259)
Balance at 31 December 2023	**204,800**
Balance at 1 January 2022	171,127
Share in income of subsidiaries	14,675
Dividend / capital contribution / (repayment)	(16)
Balance at 31 December 2022	**185,786**

Due to a capital contribution amounting to EUR 25 million by Sif Holding N.V., the equity value of Sif Property B.V. as per 31 December 2023 is positive. Therefore, the provision accounted for as per 31 December 2022 has been reversed and the investment in Sif Property B.V. is included in investment in subsidiaries as per 31 December 2023.

44 Equity

Below the statement of changes in equity for the year ended 31 December 2023:

AMOUNTS IN EUR '000	Share capital	Share premium	Other capital reserves	Legal reserves	Retained earnings	Result for the year	Total
Balance as at 1 January 2023	5,100	1,059	-	860	90,406	7,217	104,642
Appropriation of result	-	-	-	-	7,217	(7,217)	-
Movement in legal reserves	-	-	-	1,055	(1,055)	-	-
Total comprehensive income							
Result for the year	-	-	-	-	-	10,863	10,863
Total comprehensive income	-	-	-	-	-	10,863	10,863
Transactions with owners of the Company							
Issuance of cumulative preference shares	-	-	50,000	-	-	-	50,000
Conversion of advance factory payment to perpetual bond	-	-	30,500	-	-	-	30,500
Issuance of additional ordinary shares	878	49,576	-	-	-	-	50,454
Fair value of share investment awards	-	87	-	-	-	-	87
Transaction costs related to issuance cumulative preference shares and additional ordinary shares (net of tax)	-	(1,011)	-	-	-	-	(1,011)
Total transactions with owners of the Company	878	48,652	80,500	-	-	-	130,030
Balance as at 31 December 2023	**5,978**	**49,711**	**80,500**	**1,915**	**96,568**	**10,863**	**245,535**

Balance as at 1 January 2022	5,100	1,059	-	-	84,527	11,590	102,276
Appropriation of result	-	-	-	-	11,590	(11,590)	-
Movement in legal reserves	-	-	-	860	(860)	-	-
Total comprehensive income							
Result for the year	-	-	-	-	-	7,217	7,217
Currency translation reserve	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	7,217	7,217
Transactions with owners of the Company							
Dividend distributions	-	-	-	-	(4,851)	-	(4,851)
Total transactions with owners of the Company	-	-	-	-	(4,851)	-	(4,851)
Balance as at 31 December 2022	**5,100**	**1,059**	**-**	**860**	**90,406**	**7,217**	**104,642**

Share capital / Share premium / Other capital reserves / Dividends

Reference is made to note 22 of the Consolidated Financial Statements for the disclosures with respect to these subjects.

Legal reserve

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

45 Provisions

The provisions of Sif Holding N.V. at 31 December 2022 related 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. As a result of a capital contribution by Sif Holding N.V. in Sif Property B.V. amounting to EUR 25 million, the equity value of Sif Property B.V. as per 31 December 2023 is positive and the recorded provision is reversed.

46 Amounts due to group companies

AMOUNTS IN EUR '000	2023	2022
Receivables from group companies (current assets)	36,546	-
Payables to group companies (current liabilities)	(34,078)	(61,388)
Net amounts due to/from group companies	**2,468**	**(61,388)**
Payable to / (receivable from) Sif Netherlands B.V.	36,546	(52,410)
Payable to / (receivable from) Sif Property B.V.	(33,811)	(8,597)
Payable to / (receivable from) KCI The Engineers B.V.	(267)	(381)
Total amounts due / from to group companies	**2,468**	**(61,388)**

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.

47 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 receivable from Sif Netherlands B.V. of approximately EUR 36.5 million (2022: liability of EUR 52.4 million), a liability to Sif Property B.V. of approximately EUR 33.8 million (2022: EUR 8.6 million) and a liability to KCI The Engineers B.V. of approximately EUR 0.3 million (2022: EUR 0.4 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 259 thousand (2022: EUR 192 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.

48 Events after the reporting period

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

Other Information

Articles of association related to profit appropriation

Article 34

34.1 Out of the profits earned in a financial year, primarily and insofar as possible, a preferred dividend accrues on each Preference Share over the sum of (i) the nominal value of a Preference Share and (ii) the pro rata amount per Preference Share of (a) the share premium reserve and (b) the dividend reserve of Preference Shares, in the amount of:

(a) five percent (5%) per annum until the thirtieth day of June two thousand twenty-five;

(b) five five/tenth percent (5.5 %) per annum from the first day of July two thousand twenty-five until the thirtieth day of June two thousand twenty-six;

(c) six twenty-five/hundredth percent (6.25 %) per annum from the first day of July two thousand twenty-six until the thirtieth day of June two thousand twenty-seven;

(d) seven percent (7 %) per annum from the first day of July two thousand twenty-seven until the thirtieth day of June two thousand twentyeight; and

(e) eight percent (8 %) per annum as of the first day of July two thousand twenty-eight onward.

The Executive Board may choose not to pay the accrued amount, but add it to the dividend reserve of the Preference Shares instead. If, in a financial year, no distribution is made on the Preference Shares, no profit is made or the profits are insufficient to allow the distribution provided for in the preceding sentence, the deficit (the missing preferred dividends) will be paid at the expense of the profits earned in following financial years.

34.2 A distribution may only be made on the Ordinary Shares after (i) the entire balance of the dividend reserve of the Preference Shares has been distributed to the holders of Preference Shares and (ii) there are no missing preferred dividends.

34.3 After application of Article 34.1 and subject to Article 32.1, the remaining 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 remaining profits shall be added to the Company's reserves; and (b) subject to Article 29 and Article 34.2, any remaining profits shall be at the disposal of the General Meeting for distribution to the holders of Ordinary Shares.

34.4 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.

34.5 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

LEI code 7245 00 JOBPD5CLHCKO 40

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


BKRS
4
CE Bouwjaar 2016
Fabrieksnummer: FN20160104
Radio Controlled Crane
3
2 x 125/3,2 ton
BKRS
2 x 125/3,2 ton
80t

Independent auditor's report

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

Report on the audit of the financial statements 2023 included in the annual report

Our opinion

We have audited the financial statements 2023 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 2023 and of its result and its cash flows for 2023 in accordance with International Financial Reporting Standards as adopted in the European Union (EU-IFRSs) 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 2023 and of its result for 2023 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 2023
- The following statements for the year ended 31 December 2023: the consolidated statements of profit or loss, changes in equity and the consolidated cash flow statement
- The notes comprising material accounting policy information and other explanatory information

The separate financial statements comprise:

- The separate statement of financial position as at 31 December 2023
- The separate statement of profit or loss for the year ended 31 December 2023
- 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	€ 2,400,000 (2022: € 2,000,000)
Benchmark applied	1,6% of contribution for 2023 (2022: 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 section 'Reconciliation of non-IFRS financial measures' in the annual report.

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 €105,000 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.

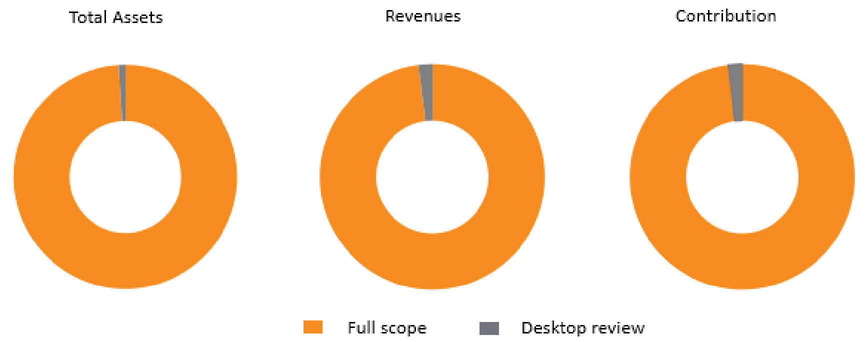
Scope of the group audit

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. 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 98% 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, income tax and have made use of our own experts in the area of valuation of intellectual property.

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 'How our business performed in 2023' 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, 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 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 2023.

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 whistle blower procedures. We evaluated the design and the implementation 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.

We addressed the risks related to management override of controls, as this risk is present in all companies. For these risks we have performed procedures among other things 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.

The following fraud risks identified required significant attention during our audit:

Fraud risk related to valuation of contract assets and liabilities of Wind foundation projects	
Fraud risk	In our audit approach we identified the risk of management override of controls related to the valuation of the contract assets and liabilities of the Wind operating segment. We considered that this segment includes contracts with customers for wind foundation projects, where revenue and cost recognition is based on estimates and assumptions that require significant management judgement.
Our audit approach	We describe the audit procedures responsive to the fraud risk in the description of our audit approach for the key audit matter 'Valuation of contract assets and liabilities of Wind foundation projects'.
Fraud risk related to revenue recognition of license agreement	
Fraud risk	We presumed that there is a risk of fraud in revenue recognition. We evaluated that revenue recognition of the cooperation, support and license agreement particular give rise to such risk. Considering the complexity of the determination of the performance obligation, total transaction price and stand-alone selling prices and the measure of progress, which requires significant management judgement.
Our audit approach	We describe the audit procedures responsive to the presumed risk of fraud in revenue recognition in the description of our audit approach for the key audit matter 'Revenue recognition of the cooperation, support and license agreement'.

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

The fraud risks 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 and 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.

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 manufacturing facility expansion and funding. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify 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 matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

In comparison with previous year, our key audit matter with respect to valuation of contract assets and liabilities did not change. Following the cooperation, support and license agreement signed in 2023, a new key audit matter with respect to the revenue recognition of this agreement has been defined. Following the final investment decision for project P11 and execution of the expansion of the manufacturing facility during 2023, a new key audit matter with respect to project P11 has been defined.

Valuation of contract assets and liabilities of Wind foundation projects	
Risk	Revenues from construction contracts with customers of wind foundation projects 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 for termination fees and (any) claims/contingencies. We identified a risk of management override of controls related to the valuation of the contracts assets and liabilities of Wind foundation projects. Therefore the valuation of the contract assets and liabilities of Wind foundation projects is 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 contract assets and liabilities and related to 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 controls related to the completeness, accuracy and timing of the revenue recognized. Furthermore, in order to assess that management estimates and assumptions are within a reasonable range, our audit procedures included 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 and termination fees. 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 wind foundations projects and any claims/contingencies. Furthermore, we performed a look back analysis to challenge prior year's 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 of Wind foundation projects are within an acceptable range. Based on our procedures performed we did not identify material errors that required adjustment of the financial statements.

Revenue recognition of the cooperation, support and license agreement	
Risk	The company entered into a cooperation, support and license agreement. This agreement stipulates that the company will deliver, amongst others, a technology license, trademark license and support. Reference is made to Note 3 and 6 of the consolidated financial statements for the significant accounting policies and disclosures on revenue recognition of the agreement. The determination of the performance obligations, total transactions price and stand-alone selling prices and the measure of progress is complex, considering the nature of goods and services to be delivered and since the company did not have prior experience with delivering technology and trademark licenses to customers. The revenue recognition requires significant management judgement with respect to assumptions made to determine the performance obligations and stand-alone selling prices of each distinct performance obligation. We presumed there is a risk of fraud in revenue recognition of the cooperation, support and license agreement. Therefore the revenue recognition of the agreement is considered to be a key audit matter.
Our audit approach	Our audit procedures included, amongst others, evaluating the appropriateness of the company's accounting policies related to revenue recognition according to IFRS 15. In addition, we evaluated the design and implementation of controls related to the completeness, accuracy and timing of the revenue recognized. We reviewed management's assessment of the appropriate accounting of the agreement. With respect to performance obligations and total transaction prices determined by management, we have evaluated management's assessment by inspecting the terms and conditions of the agreement. We challenged the management assumptions used to determine the relative stand-alone selling prices. These procedures included amongst others, inspecting the information to be shared with the customer and the support to be delivered by the company with respect to the licensed technologies. Furthermore, we involved our valuation specialists to challenge the methodology used and assumptions made by management in determination of the stand-alone selling price of the trademark license. We challenged the revenue recognized during 2023 at a point in time and challenged the progress during 2023 of revenue recognized over time by inspecting the information and support delivered by the company during 2023.
Key observations	We consider management's determination of the performance obligations and relative stand-alone selling prices acceptable. Based on our procedures performed we did not identify any material errors that required adjustment of the financial statements.

Complex accounting treatment and classification of the financing of the manufacturing facility expansion	
Risk	On 13 February 2023, the executive board has taken the final decision to invest €328 million in the expansion of the existing manufacturing facility. The company is financing this expansion through a combination of advanced factory payments (AFPs) from launching customers, issuance of common and cumulative preference shares, a lease facility and term loans, as part of a bigger finance facility. As disclosed in more detail in Note 2 to the consolidated financial statements, one AFP was subsequently converted into a perpetual bond. The terms and conditions in the financing arrangements lead to inherent complexity with respect to the accounting treatment and classification, especially for the AFPs, the perpetual bond, the cumulative preference shares and the transaction costs related to the financing. Given the complexity and significance of the transactions in 2023 and required management judgement, this is considered to be a key audit matter.
Our audit approach	Our audit procedures included, amongst others, evaluating the appropriateness of the company's accounting policies related to the various financing arrangements in accordance with IFRS 9 'Financial instruments, IAS 32 'Financial instruments — presentation' and IFRS 15 'Revenue from Contracts with Customers'. In addition, we evaluated the design and implementation of controls related to determination of the accounting treatment and classification of the various financing arrangements and related transactions costs. We evaluated management's assessment of the appropriate accounting treatment and classification of the various financing arrangements and related transaction costs by inspecting the terms and conditions of the contractual agreements and minutes of meetings related to expansion of the manufacturing facility. We specifically challenged the classification of the AFPs as contract liabilities within the scope of IFRS 15 and the classification of the perpetual bond and preference shares as equity in accordance with IAS 32. We challenged management's assumptions used to determine the transactions costs related to the financing arrangements and the allocation of transaction costs to these financing arrangements. We specifically challenged whether the costs are incremental to the financing transactions or to obtaining a contract with launching customers. Our procedures included amongst others, inspecting the nature of the transactions costs by reconciling the transaction costs to contractual agreements, invoices and bank statements. We evaluated the adequacy of the company's disclosures related to accounting treatment and classification of the financing arrangements and related transaction costs in 2023.
Key observations	Based on our procedures performed we did not identify any material errors in the accounting treatment and classification of the AFPs, the perpetual bond, the preference shares and the transactions costs related to the financing of the manufacturing facility expansion that required adjustment of the financial statements.

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 sub section 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 sub section 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-IFRSs 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, 18 March 2024

Ernst & Young Accountants LLP

signed by M.J. Moolenaar

Limited assurance report of the independent auditor on Sif Holding N.V.'s selected ESG key performance indicators and the section "Our material themes and management approach"

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

Our conclusion

We have performed a limited assurance engagement on selected ESG key performance indicators and the section "Our material themes and management approach" (hereinafter together: the selected ESG information) in the accompanying annual report for the year 2023 of Sif Holding N.V. at Roermond.

Based on our procedures performed and the assurance information obtained, nothing has come to our attention that causes us to believe that the selected ESG information is not prepared, in all material respects, in accordance with the applicable criteria as included in the section "Criteria".

The selected ESG key performance indicators are included on page 14 of the annual report and consist of:

- Lost Time Injury Frequency (LTIF)
- CO_2 footprint
- Participation in projects that will result in installed renewable energy capacity (wind) in MW
- Usage of gasses in (pre-)heating of welds

Basis for our conclusion

We have performed our limited assurance engagement on the selected ESG information 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 in this regard are further described in the section 'Our responsibilities for the assurance engagement on the selected ESG information' 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 for Professional Accountants).

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

Criteria

The criteria applied for the preparation of the selected ESG information are the criteria developed by Sif Holding N.V. and are disclosed in section 'Reporting criteria' on pages 159 and 160 of the annual report.

The comparability of ESG information between entities and over time may be affected by the absence of a uniform practice on which to draw, to evaluate and measure this information. This allows for the application of different, but acceptable, measurement techniques. Consequently, the selected ESG information needs to be read and understood together with the criteria applied.

Corresponding information not assured

The selected ESG key performance indicators "Lost Time Injury Frequency", "CO2 footprint" and "Involvement in projects that will result in installed renewable energy capacity (wind) in MW" for the period 2018 up to 2020 have not been part of an assurance engagement. Consequently, the corresponding ESG key performance indicators and thereto related disclosures for these prior periods are not assured. Our conclusion is not modified in respect of this matter.

Limitations to the scope of our assurance engagement

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

Responsibilities of the executive board and the supervisory board for the selected ESG information

The executive board is responsible for the preparation of the selected ESG information in accordance with the criteria as included in the section “Criteria”. The executive board is also responsible for selecting and applying the criteria and for determining that these criteria are suitable for the legitimate information needs of the intended users, considering applicable law and regulations related to reporting. The choices made by the executive board regarding the scope of the selected ESG information and the reporting policy are summarized in the 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 information that is free from material misstatement, whether due to fraud or error.

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

Our responsibilities for the assurance engagement on the selected ESG information

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

Our assurance engagement is aimed to obtain a limited level of assurance to determine the plausibility of the selected ESG information. The procedures 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 that is obtained when a reasonable assurance engagement is performed.

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

Our assurance engagement included amongst others:

- Performing an analysis of the external environment and obtaining an understanding of the sector, insight into relevant sustainability themes and issues and the characteristics of the company as far as relevant to the selected ESG information
- Evaluating the appropriateness of the criteria applied, their consistent application and related disclosures on the selected ESG information. This includes the evaluation of the reasonableness of estimates made by the executive board
- Obtaining through inquiries a general understanding of the internal control environment, the reporting processes, the information systems and the entity’s risk assessment process relevant to the preparation of the selected ESG information, without obtaining assurance information about the implementation or testing the operating effectiveness of controls
- Identifying areas of the selected ESG information where misleading or unbalanced information or a material misstatement, whether due to fraud or error, is likely to arise. Designing and performing further assurance procedures aimed at determining the plausibility of the selected ESG information responsive to this risk analysis. These procedures consisted amongst others of:
  - Making inquiries of management and relevant staff at corporate level responsible for the sustainability strategy, policy and results relating to the selected ESG information
  - Interviewing relevant staff responsible for providing the information for, carrying out controls on, and consolidating the data in the selected ESG information
  - Obtaining assurance evidence that the selected ESG information reconciles with underlying records of Sif Holding N.V.
  - Reviewing, on a limited sample basis, relevant internal and external documentation
  - Considering the data and trends

- Reading the information in the annual report that is not included in the scope of our assurance engagement to identify material inconsistencies, if any, with the selected ESG information
- Considering whether the selected ESG information is presented and disclosed free from material misstatement in accordance with the criteria applied.

Eindhoven, 18 March 2024

Ernst & Young Accountants LLP

signed by M.G.J.J. van Raay

Reporting Criteria

Reporting methodology	Sif's operations are concentrated in the Netherlands. Except for safety-related information, combined projects have not been included in the non-financial information of this annual report unless specifically mentioned. Information on environmental and social performance is included on the basis of entities in operational control of Sif be it that for KCI the engineers B.V. and SBR engineering GmbH this information has not been included in this annual report. Data used originate from various administrations, systems and databases in Sif's organization. Information is also derived from other sources such as the ERP system and information from suppliers including waste processing and energy companies. Reporting finally includes data originating from certified management systems ISO 45001, ISO 14001, ISO 9001 and VCA.
Lost Time Injury Frequency (LTIF)	Sif defines its Lost Time Injury Frequency (LTIF) as the number of Sif's permanent and flexible employees (excluding sub-contractors) 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 CO_2 equivalent, considering other greenhouse gasses than CO_2. Sif calculates CO_2 emissions using conversion factors from CO2emissiefactoren.nl. Sif uses well-to-wheel emission factors. All conversion factors are reviewed annually and updated if necessary. No verified conversion factor is available for propylene (apachi) gas. At Sif's request, CO2emissiefactoren.nl has assigned an unverified conversion factor to propylene gas. Sif's reporting scope includes its direct CO_2 emissions (including emissions from inland shipping activities) (scope 1 emissions), indirect CO_2 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. Other emissions in scope 3, except for employee travel, are not reported. 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 CO_2 emission from electricity consumption (scope 2) is compensated by the Certificates of Origin as generated by the Wind Turbine Generator on Sif's premises. Sif owns the related Guarantees of Origin.

Participation in projects that will result in installed renewable energy capacity	Sif reports its participation in projects that will result in installed renewable energy capacity in number of megawatts (MW) of wind turbine generator capacity that will be installed on a monopile completed by Sif. Sif measures 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.
Usage of gasses in (pre-)heating of welds	Sif reports its usage of gasses (natural gas and propane gas) in the process of (pre-) heating of welds, and relates this to the amount of welding material. The results in the measurement of m3 gas per kilogram of welding material for natural gas and in kilograms of propane gas per kilogram of welding material for propane gas. The welding material is calculated per project based upon the characteristics of the seams. Within the calculation, the impact of the outside temperature and the pre-heating temperature of the welds are taken into account.
Materiality assessment	We applied our own reporting criteria, that are inspired by ESRS, to all defined KPI's. We have described our materiality assessment steps and procedures in section "Our material themes and management approach". As part of our efforts to align with the upcoming CSRD, we started to incorporate relevant reporting requirements of ESRS, where applicable and possible.

Definition and Explanation of use of non-IFRS financial measures

(a) Contribution Contribution/ton	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. For the contribution/ton measure the contribution is adjusted for contribution related to Marshalling, Engineering and fees for projects with no production volume.
(b) EBITDA Adjusted EBITDA 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. Adjusted EBITDA excluding IFRS 16 is 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.

(c) EBIT 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.
(d) Net debt 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.
(e) 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.
(f) ROACE (g) 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.

(h) Solvency

This measure is a bank covenant, and is presented to express the financial strength of the Company.

The definition has changed after the refinancing in 2023.

Definition of solvency in 2022:

Total equity (ex IFRS 16) / total assets (ex IFRS 16)

Due to an incorrect calculation of the solvency percentage in the annual report of 2022 the 2022 number has been restated.

Definition of solvency in 2023:

Consolidated Tangible Net Worth (ex IFRS 16) divided by Consolidated Balance Sheet Total (ex IFRS 16)

Consolidated Tangible Net Worth = Equity attributable to shareholder minus dividend declared, Intangible assets and Upward revaluation of assets (other than financial instruments) after the 2023 Effective Date (5 June 2023)

Consolidated Balance Sheet Total = Total assets minus Intangible assets

(i) Leverage

This measure is a bank covenant, and is presented to express the financial strength of the Company.

The definition has changed after the refinancing in 2023.

Definition of leverage in 2022:

Total debt (ex lease liabilities) / EBITDA (ex IFRS 16)

Total debt = loans and borrowings

Definition of leverage in 2023:

Total net debt (ex IFRS 16) divided by EBITDA ex exceptional items (ex IFRS 16)

Total net debt (ex IFRS 16) = Borrowings (ex IFRS 16) minus Cash and Cash Equivalents

Borrowings (ex IFRS 16) = Revolving credit facility plus term loans

EBITDA ex exceptional items (ex IFRS 16) = EBITDA (ex IFRS 16) minus:

- charge to profit represented by the expensing of stock options

- the restructuring of the activities of an entity and reversals of any provisions for the cost of restructuring

- disposals, revaluations, write downs or impairment of non-current assets or any reversal of any write down or impairment

- any exceptional, one off, non-recurring or extraordinary items which represent gains or losses relating to the P11 manufacturing expansion.

EBITDA (ex IFRS 16) = EBITDA adjusted for expenses of lease contracts other than 'short-term leases' and 'low-value leases' (including those expenses accounted for as project costs based on progress), the impact of the difference in accounting treatment of lease incentives between IFRS 16 and the former lease standard IAS 17 and expenses related to initial direct costs of operational lease contracts.

Reconciliation of non-IFRS financial measures

AMOUNTS IN EUR '000	2023	2022	Reference to consolidated financial statements
(a) Calculation of contribution			
Total revenue	454,299	374,543	Consolidated statement of profit and loss, note 6
Raw materials	(252,372)	(191,674)	Consolidated statement of profit and loss
Subcontracted work and other external charges	(30,703)	(36,561)	Consolidated statement of profit and loss
Logistic and other project related expenses	(22,235)	(15,797)	Consolidated statement of profit and loss
Contribution	148,989	130,511	
- Marshalling	(6,492)	(11,062)	Notes to the consolidated financial statements, note 6
- Engineering	(7,006)	(5,459)	
- Fees for projects with no production volume	(7,029)	-	
Adjusted contribution	128,462	113,990	
Production output (Kton)	192	169	
Contribution per Kton	669	674	
(b) Reconciliation operating profit to adjusted EBITDA ex IFRS 16			
Operating profit	13,904	12,110	Consolidated statement of profit and loss
- Other income	5	90	Consolidated statement of profit and loss
- Depreciation and amortization	22,897	24,226	Consolidated statement of profit and loss, note 14,15,31
EBITDA	36,806	36,426	
- Expenses that relate to the research into, preparations for and the execution of the required adjustment and expansion of our production facilities	5,362	5,366	
Adjusted EBITDA	42,168	41,792	
- Expenses of lease contracts other than 'short-term leases' and 'low-value leases'	(11,054)	(8,544)	
- Expenses related to initial direct costs of operational lease contacts	(540)	(2,160)	
- Expenses of lease contracts other than 'short-term leases' and 'low value leases' accounted for as project costs based on progress	4,112	(3,646)	
- Net impact of the difference in accounting treatment of lease incentives between IFRS 16 and the former lease standard IAS 17	40	45	
Adjusted EBITDA (ex IFRS 16)	34,726	27,487	

AMOUNTS IN EUR '000	2023	2022	Reference to consolidated financial statements
(c) Reconciliation of operating profit to EBIT to adjusted EBIT			
Operating profit	13,904	12,110	Consolidated statement of profit and loss
- Other income	5	90	
EBIT	13,909	12,200	
- Expenses that relate to the research into, preparations for and the execution of the required adjustment and expansion of our production facilities	5,362	5,366	
Adjusted EBIT	19,271	17,566	
(d) Calculation of Net debt and Net debt (ex IFRS 16)			
Loans and borrowings	19,926	-	Consolidated statement of financial position, note 24
Lease liabilities - non-current	102,875	99,006	Consolidated statement of financial position, note 24, 31
Lease liabilities - current	9,015	8,392	Consolidated statement of financial position, note 24, 31
Cash and cash equivalents	(131,389)	(89,832)	Consolidated statement of financial position, note 21
Net debt	427	17,566	
Lease liabilities - non-current	(102,875)	(99,006)	Consolidated statement of financial position, note 24, 31
Lease liabilities - current	(9,015)	(8,392)	Consolidated statement of financial position, note 24, 31
Net debt (ex IFRS 16)	(111,463)	(89,832)	
(e) Calculation of Net working capital			
Inventories	517	427	Consolidated statement of financial position, note 18
Contract assets	28,712	18,315	Consolidated statement of financial position, note 19
Trade receivables	23,330	22,463	Consolidated statement of financial position, note 20
Prepayments and other receivables	10,853	2,102	Consolidated statement of financial position
Trade payables	(87,324)	(92,333)	Consolidated statement of financial position
Contract liabilities - current	(37,725)	(32,458)	Consolidated statement of financial position, note 19
Contract liabilities - non-current	(71,768)	-	Consolidated statement of financial position, note 19
Net working capital	(133,405)	(81,484)	

AMOUNTS IN EUR '000	2023 Average	Q1	Q2	Q3	Q4	Reference to consolidated financial statements
(f) Calculation of ROACE - EBIT / Average capital employed						
Total equity	181,779	158,432	160,834	160,834	247,014	Consolidated statement of financial position
Cash and cash equivalents	(124,403)	(138,234)	(103,558)	(124,429)	(131,389)	Consolidated statement of financial position, note 21
Loans and borrowings (excl lease liabilities)	4,982	-	-	-	19,926	Consolidated statement of financial position, note 24
Capital employed	62,358	20,198	57,276	36,405	135,551	
EBIT	13,909					(c)
ROACE	**22.3%**					

AMOUNTS IN EUR '000	2022 Average	Q1	Q2	Q3	Q4	Reference to consolidated financial statements
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					(c)
ROACE	**28.3%**					

AMOUNTS IN EUR '000	2023 Average	Q1	Q2	Q3	Q4	Reference to consolidated financial statements
(g) Calculation of ROACE (adjusted) - EBIT (adjusted) / Average capital employed (adjusted)						
Total equity	181,779	158,432	160,834	160,834	247,014	Consolidated statement of financial position
- Equity financing related to the required adjustment and expansion of our production facilities	(74,719)	(50,000)	(49,932)	(99,852)	(99,092)	
- Cumulative expenses that relate to the research into, preparations for and the execution of the required adjustment and expansion of our production facilities	8,671	6,514	7,976	9,465	10,728	
Total equity (adjusted)	115,731	114,946	118,878	70,447	158,650	
Cash and cash equivalents	(124,403)	(138,234)	(103,558)	(124,429)	(131,389)	Consolidated statement of financial position, note 21
- Cash-in related to financing of the required adjustment and expansion of our production facilities	130,665	50,000	82,000	169,954	220,704	
- Cumulative cash-in/(out) related to expenses and investments that relate to the research into, preparations for and execution of the required adjustment and expansion of our production facilities	(104,579)	(19,110)	(88,379)	(125,301)	(185,529)	
Cash and cash equivalents (adjusted)	(98,317)	(107,344)	(109,937)	(79,776)	(96,213)	
Loans and borrowings (excl lease liabilities)	4,982	-	-	-	19,926	Consolidated statement of financial position, note 24
- Loans and borrowings (excl lease liabilities) related to financing of the required adjustment and expansion of our production facilities	(4,982)	-	-	-	(19,926)	
Loans and borrowings (excl lease liabilities) (adjusted)	-	-	-	-	-	
Capital employed (adjusted)	17,414	7,602	8,941	(9,329)	62,437	
EBIT	13,909					(c)
- Cumulative expenses that relate to the research into, preparations for and the execution of the required adjustment and expansion of our production facilities	5,362					
EBIT (adjusted)	19,271					
ROACE (adjusted)	**110.7%**					

	2022					
AMOUNTS IN EUR '000	Average	Q1	Q2	Q3	Q4	Reference to consolidated financial statements
(g) 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
- Cumulative expenses that relate to the research into, preparations for and the execution of the required adjustment and expansion of our production facilities	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
- Cumulative cash-in/(out) related to expenses and investments that relate to the research into, preparations for and execution of the required adjustment and expansion of our production facilities	(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					(c)
- Cumulative expenses that relate to the research into, preparations for and the execution of the required adjustment and expansion of our production facilities	5,366					
EBIT (adjusted)	17,566					
ROACE (adjusted)	**43.6%**					

AMOUNTS IN EUR '000	2023	2022	Reference to consolidated financial statements
(h) Calculation of Solvency			
Equity attributable to shareholder	245,535	105,764	Consolidated statement of financial position
Adjustments to exclude IFRS 16 impact:			
- Right-of-use assets	(108,342)	(104,466)	Consolidated statement of financial position, note 24, 31
- Lease liabilities - non-current	102,875	99,006	Consolidated statement of financial position, note 24, 31
- Lease liabilities - current	9,015	8,392	Consolidated statement of financial position, note 24, 31
- Lease incentives capitalised on the balance sheet	(2,036)	(2,200)	
- Equity effect of expenses of lease contracts other than 'short-term leases' and 'low value leases' accounted for as project costs based on progress	465	(3,646)	
- Deferred tax on above items	(940)	(896)	
Equity attributable to shareholder (ex IFRS 16)	246,572	101,954	
Intangible assets	(1,915)		
Upward revaluation of assets (other than financial instruments) after the 2023 Effective Date (5 June 2023)	(5)		
Advance factory payments converted into perpetual bond instruments	(30,500)		
Consolidated Tangible Net Worth (ex IFRS16)	**214,152**		
Total assets	600,020	357,303	Consolidated statement of financial position
Adjustments to exclude IFRS 16 impact:			
- Right-of-use assets	(108,342)	(104,466)	Consolidated statement of financial position, note 31
- Balance sheet impact of initial direct costs of operational lease contracts	-	540	Note 31
- Impact on contract assets of expenses of lease contracts other than 'short-term leases' and 'low value leases' accounted for as project costs based on progress	465	(3,646)	
- Deferred tax asset on Right-of-use assets and lease liabilities	(940)	(896)	
Total assets (ex IFRS 16)	491,203	248,835	
Intangible assets	(1,915)		
Outstanding AFPs (excl launching customers)	-		
Consolidated Balance Sheet Total (ex IFRS16)	**489,288**		
Solvency	**43.8%**	**41.0%**	

AMOUNTS IN EUR '000	2023	2022	Reference to consolidated financial statements
(n) Calculation of Leverage			
Loans and borrowings	19,926	-	Consolidated statement of financial position, note 24
Total debt (Borrowings) (ex IFRS 16)	19,926	-	
Cash and cash equivalents	(131,389)		
Total net debt	**(111,463)**		
EBITDA	36,806	36,426	(b)
Adjustments to exclude IFRS 16 impact:			
- Expenses of lease contracts other than 'short-term leases' and 'low-value leases'	(11,054)	(8,544)	
- Expenses related to initial direct costs of operational lease contacts	(540)	(2,160)	
- Expenses of lease contracts other than 'short-term leases' and 'low value leases' accounted for as project costs based on progress	4,112	(3,646)	
- Net impact of the difference in accounting treatment of lease incentives between IFRS 16 and the former lease standard IAS 17	40	45	
EBITDA (ex IFRS 16)	29,364	22,121	
- Charge to profit represented by the expensing of stock options	361		
- Disposals, revaluations, write downs or impairment of non-current assets or any reversal of any write down or impairment	(509)		
- Exceptional, one off, non-recurring or extraordinary items which represent gains or losses relating to the P11 manufacturing expansion	5,115		
EBITDA ex exceptional items (ex IFRS 16)	**34,331**		
Net Leverage	**0.00**	**0.00**	

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 2023 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 kilogram.
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 of signed contracts and contracts under exclusive negotiations.
Production capacity	The capacity of the plants operated by Sif Group: The theoretical capacity is 300 kton for the combined Maasvlakte 2 and Roermond plants. After completion of expansion works this will be 500 kton. Actual capacity is approximately 80% of theoretical 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.
TRI	Total Recordable Injuries. The total of Lost Time Injuries, Restricted Work Injuries and Injuries that required medical treatment.

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