Full year 2022: Capture Momentum with Expansion Blueprint

While Solidly Executing Strong Order book

Our key performance indicators

Operational, social and environmental highlights:

- LTIF 6.62;
- Output of 169 kton; 130 monopiles and primary steel for 126 transition pieces;
- Contribution to 1,954 MW offshore wind capacity with foundations for amongst others Dogger Bank A & B and Hollandse Kust Noord;
- Marshaling services for Siemens' Hollandse Kust Zuid;
- Memorandum of Understanding with GS Entec (South Korea) for licensed production of monopiles for Asian market;
- Order book additions for Ecowende (Shell/Eneco) for Hollandse Kust West VI, Empire Wind (Equinor/BP), Noirmoutier for Eiffage (transition pieces), Borwin 5 for Dragados (jacket piles), Yggdrasil and Valhall for Aker Solutions (jacket leg sections and pin piles);
- Completion of the blueprint and financing package for the strategic expansion of our manufacturing facilities to increase production to Ø11.5 meters and 500 kton production capacity.

Financial highlights:

- Contribution increased by 14.3% to €130.5 million;
- Adjusted EBITDA increased by 6.1% to €41.8 million;
- Year-end 2022 net working capital -/- €81.5 million;
- Year-end 2022 cash of €89.8 million;
- Return on Average Capital Employed (adjusted) of 43.6%;
- Order book increased by 53% to 662 kton.

In € million	FY 2022	FY 2021	change YOY
Contribution	130.5	114.2	+14.3%
Adjusted EBITDA[1]	41.8	39.4	+6.1%
Earnings after tax (attributable to the shareholders)	7.2	11.6	-37.9%
EPS in €	0.28	0.45	-37.8%
Adjusted ROACE[2] in %	43.6	43.2	+0.9%
Production in kton	169	171	-1.2%
Contribution to global offshore wind capacity in MW	1,954	1,873	+4.3%
LTIF in injuries per mln working hours	6.62	4.98	+32.9%

Order book in kton	For 2023	For 2024 & beyond	Total
Contracted	221	371	592
Exclusive negotiations		70	70
Total	221	441	662

[1] EBITDA corrected for *expenses that relate to the research into and preparations for the required adjustment and expansion of our production facilities*

[2] ROACE adjusted for one-off expenses directly related to our expansion project

CEO Fred van Beers:

“In 2022, we finalized our investment plans for expansion of our production facilities to capture momentum in the offshore wind industry and to prepare the company for the next phase of growth. For the emerging growth of the Asian market, we signed a memorandum of understanding with GS Entec to support them in converting their production plant in South Korea to manufacture monopiles. In 2022, we also managed the ongoing impact of the COVID-19 pandemic and the effects of the war in Ukraine on the delivery of our order book.

2022 performance in line with expectation, production capacity for 2023 and 2024 well filled

We manufactured 130 monopiles and 126 transition pieces, or 169 kton, in 2022, and delivered foundations for potentially 1,954 MW of offshore wind (1,873 MW in 2021). That brings the total of green electricity potentially generated on Sif foundations to more than 14,700 MW.

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

With 662 kton our order book for 2023 and beyond is well filled and already contains projects that can only be realized in our expanded production facilities such as the monopiles for Empire Wind, a consortium of Equinor and BP. We foresee projects for the next generation turbines in the 15 MW range that will require larger diameter monopiles. This development is fully in line with our expectations and is the basis for our investment decision to expand our production facilities. Details of the investment program can be found later on in this release.

Strategic plans going forward

The capacity of individual offshore wind turbines has increased from 2 MW in the early 2000s to 14 MW in 2022 with diameters of monopile foundations increasing from 4 meters to almost 9 meters during the same period. In 2000, a turbine placed on a monopile could supply electricity to 2,000 households, whereas this figure rose to 14,000 households in 2022. There are now reports of turbines being developed in the 15 to 18 MW range. Given the high investment impact and challenging financial performance reported by various offshore equipment manufacturers, it remains to be seen if and when even bigger turbines will enter the market. At Sif, we favor a stabilization at the 15-18 MW level in order to be able to maximize the efficiency and utilization of the total supply chain in order to create a fast ramp up of offshore wind while enabling the entire supply chain to align their operations efficiently and profitably.

At today’s capital markets day, members of Sif’s management team will elaborate on the impact of our expansion plans and how this captures momentum in the booming offshore wind industry.

Sustainability drives us

We monitor and manage our operations based on a set of key performance indicators, including safety statistics and personnel attendance and well being. Some of the non-financial indicators are included in the bonus award program. Our key safety indicator – lost time injury frequency – is 6.62, which is still a long way from our target level of 1.5. The biggest impacting factor is the ever-increasing size and weight ratio of our products whereas the overall basis safety awareness and experience of employees has decreased. This has led to an adjusted and intensified safety awareness program in the entire company. Owing to the negative effect of the COVID-19 pandemic followed by the flu wave during the early months of 2022, our absenteeism ended at 7.9%.

A purpose driven organization

As the final investment decision for our expansion plans has been taken, our full focus is on executing the project in time and budget while also delivering on our order book for this year that with 221 kton is well-filled. Preparation works have started and the actual construction of the factory is expected to start in April 2023. We have organized ourselves in such a way that we can carefully oversee this complex execution process without losing focus on our day-to-day business. Effects of high energy prices and continuing limited workforce availability are specific areas to focus on.
Our continued best efforts in safety, project management, manufacturing and innovation are required and we are well aware of the importance of our contribution to the energy transition, which requires tier-one products and a proactive focus on sustainable manufacturing. We thank our employees whose passion and dedication for our products and company is a key factor for success. We also thank our suppliers, shareholders, customers and governmental and industry partners for their solid support and commitment during 2022".

FY 2022 results development

All amounts and numbers in this press release are based on the Company's annual accounts that will be published in draft on 30 March 2023 and that will be presented to the Annual General Meeting of Shareholders for approval on 12 May 2023. All numbers are including the effect of IFRS16, unless expressly stated otherwise.

Contribution, EBITDA, Net Earnings

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

Because of the above, total contribution and contribution per kton are more adequate performance indicators for Sif than revenue. All Sif's activities take place in the Netherlands. Every monopile is uniquely designed and manufactured to its location in a wind farm and all products are as a rule delivered 'free alongside ship' or 'free on board' Rotterdam. Occasionally products are 'delivered at place'. This applies to primary steel for transition pieces or pin piles for jackets that are mostly delivered at fabrication yards of Smulders in Belgium (primary steel for transition pieces) or at yards of jacket- manufacturers, mostly elsewhere in Europe.

In 2022, contribution (revenue minus the cost of raw materials, subcontracted work, other external charges and logistic and other project-related expenses) with €130.5 million was 14.3% higher compared to 2021. Of total contribution, €11.1 million was generated by marshaling activities (€2.1 million in 2021) and €5.5 million was generated by engineering activities (€3.2 million in 2021). Contribution per kton throughput, corrected for marshaling and other (excluding oil & gas), increased to €674/ton (2021: €637/ton).

Deducting direct personnel expenses, overhead and production & general manufacturing expenses this resulted in gross profit of €75.4 million (20.1% of total revenues) compared to €70.8 million (16.8% of total revenues) in 2021. Included in production and general manufacturing expenses are amongst others maintenance of machinery, gas consumption, energy consumption, support materials and inventory of critical spare parts. The 16.8% higher direct personnel expenses relate to the high absence rates due to illness and staff turnover and the replacement thereof by often less trained and experienced flexible staff.
Predominantly due to higher energy expenses, production and general manufacturing expenses increased by 55,6%. Sif did not apply for subsidies or other COVID-19 pandemic-related government- or lender support.
Adjusted EBITDA in 2022 arrived at €41,8 million compared to €39.4 million in 2021. Total EBITDA 2022 of €36.4 is impacted by one-off expenses of €5.4 million, directly related to the expansion project (€0.3 million in 2021).

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Earnings attributable to the shareholder were €7.2 million in 2022 compared to €11.6 million in 2021. Earnings per share were €0.28 compared to a €0.45 per share in 2021. Loan conditions that relate to the investment in expansion of manufacturing facilities do not allow Sif to pay a dividend on ordinary shares as long as building activities continue. This implies all earnings attributable to the shareholders for this period will be added to the reserves of the company.

At the end of 2022 our workforce was composed of 370 permanent and 217 flexible staff (587 Fte total) compared to 368 permanent and 180 flexible staff (548 Fte total) at the end of 2021.

Banking facilities

Sif has banking facilities with an original expiration date of March 2022. Early 2021 an agreement was reached with the lenders on an extension of the existing arrangement by two years (until March 2024) at the same conditions. The facilities have covenants on leverage (Total debt/EBITDA of maximum 2.5) and solvency (at least 35%).

Banking covenants are based on ex-IFRS16 numbers and result in an actual leverage ratio of 0 at the end of 2022 and solvency of 42,1% at the end of 2022.

For the financing of the expansion plans, a new facility was agreed with new banking covenants. A 6-year amortizing term loan facility is agreed with ING, ABN AMRO, RABO bank, DNB and AKA for €16.2 million and with Invest-NL for €64.8 million, all with identical conditions amongst others of a EURIBOR+200bps. margin.

Net working capital, net debt, CAPEX and cash flows

In 2022, Sif invested €23.4 million in tangible and intangible fixed assets (€12.8 million in 2021). More than €13 million of this €23.4 million relates to investments in (reservations of) equipment for the expansion project P11. Sif has leased approximately 62 hectares of land in Rotterdam. As of 2019 IFRS16 requires Sif to capitalize the right of use for land lease and to amortize this over a period in line with the estimated lease term. The positive effect of IFRS16 in comparison to Dutch GAAP is approximately €14.3 million on EBITDA in 2022 (€5.6 million in 2021). An extra positive effect relates to the long-term lease of large logistical project-equipment as from the beginning 2022, for which the lease expenses for the total project would be accounted for as project costs under Dutch GAAP, and realised based on progress of the projects. The effect on net debt amounts to approximately €107.4 million.

Net working capital (inventories + contract assets + trade receivables + current prepayments – trade payables – contract liabilities) amounted to -/- €81,5 million at the end of 2022 compared to -/- €65.8 million at the end of 2021. Cash from operations depends on invoicing milestones agreed with customers, subcontractors and suppliers and does not affect revenue or earnings recognition. The balance of cash and cash equivalents at the end of 2022 amounted to € 89.8 million compared to € 73.2 million at the end of 2021. Despite the fact that Sif did not use financial instruments in the year 2022, Sif may use financial instruments to reduce risks related to currency, interest rate volatility or energy prices if required. Sif applies a non-speculative approach in this respect.

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

Order book and outlook

The current order book for 2023 includes approximately 221 kton production volume. This mostly relates to the projects Dogger Bank B, He Dreiht, Noirmoutier and the start of Dogger Bank C. The start of construction activities related to the expansion of our facilities in Rotterdam will leave limited to no space for marshaling activities for the duration of the construction period. The loss of contribution from marshaling activities will be compensated by higher production compared to 2022 and we expect adjusted EBITDA to arrive at the level of 2022.

For 2024 and beyond we already have 442 kton in our order book of which 203 kton for 2024. This includes the remaining part of Dogger Bank C and Aker. It also includes the launching orders for the expanded manufacturing facilities from Ecowende, a consortium of Shell and Eneco, for their Hollandse Kust West project and from Empire Wind, a consortium of Equinor and BP, for their project Empire Wind in USA.

Management

In 2022 CEO Fred van Beers was reappointed following notification by the Supervisory Board of their intentions thereto to the General Meeting of Shareholders in May 2022. In May 2023 Chairman of the Supervisory Board André Goedée and member of the Supervisory Board Caroline van den Bosch shall resign in accordance with the rotation schedule. They will not be available for reappointment. The Supervisory Board has initiated procedures for the replacement of both André Goedée and Caroline van den Bosch and hereby announces that the General Meeting of Shareholders may recommend persons to the Supervisory Board for nomination as Supervisory Director. The works council has an enhanced right of recommendation for the vacancy resulting from the resignation by Caroline van den Bosch. The Supervisory Board pursues the nomination and appointment of two female candidates in line with the Supervisory Board profile.

Outline of FID on expansion plans (post-closing event)

On 13 February 2023 Sif announced having taken final investment decision for its expansion plans. The plan comprises an investment of €328 million in manufacturing facilities to be built at Maasvlakte 2 Rotterdam, starting April 2023 and fully operational by 1st January 2025. The investment will increase Sif's annual manufacturing capacity to 500 kton (reference base of 200, 2,500 tons, 11-meter diameter monopiles per year). Sif has contracted orders or is exclusively negotiating with launching customers Ecowende and Empire Wind for all together 348 kton capacity. The expansion will be financed through a mix of €100 million Advanced Factory Payments from the launching customers, €81 million term loans from Invest-NL and a banking consortium of ABN AMRO, ING, RABO Bank, AKA and DNB, €40 million lease agreement from RABO Bank, €50 million issuance of preferred equity to Equinor and €50 million issuance of common equity (via a rights issue that is underwritten by cornerstone shareholder Grachtenheer 10). Details of the plan are in the press release of 13 February 2023. Based on the launching orders and market visibility, Sif expects EBITDA to arrive at €135 million for 2025 and at least at €160 million for 2026 and beyond, yielding an earn back period of max 4 years.

Financial calendar

28 March 2023	EGM
	EGM record date 28 February 2023
30 March 2023	Notice and agenda for AGM 12 May 2023
	Annual report 2022
12 May 2023	AGM and Trading Update Q1 2023
	AGM record date 14 April 2022
25 August 2023	HY 2023 Earnings
3 November 2023	Trading Update Q3 2023

Presentation of 2022 results and Capital Markets Day

Sif will host an audio webcast analyst meeting following publication of full year 2022 results on 17 March 2023 at 10:30 AM CET. A link for the webcast is on the homepage of Sif's website. An on-demand version will be available from tomorrow.
Also today, from 13:00 to 16:00 CET, Sif will host a Capital Markets Day to give further insight in the plans for expansion of manufacturing facilities. A link for the video webcast of this event can also be found on Sif's homepage. On-demand version and transcript will be available within one week from today.

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Disclaimer

Some of the statements contained in this release that are not historical facts are statements of future projections and other forward-looking statements. These statements are based on the management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance, or events to differ materially from the statements. Historical results are no guarantee of future performance. Forward-looking statements are subject to various risks and uncertainties, which may cause Sif's actual results and business performance to differ materially and adversely from the forward-looking statements. Certain forward-looking statements can be identified by the use of forward-looking terminology such as "believes", "may", "will", "should", "would be", "expects", "anticipates" or similar expressions, or the negative thereof, or other variations thereof, or comparable terminology, or by discussions of strategy, plans, or intentions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this release as anticipated, believed, or expected. Sif neither intends nor assumes any obligation to update any industry information or forward-looking statements set forth in this release in order to reflect subsequent events or circumstances. The content of this trading update is for information purposes only and is not intended as investment advice, nor does it constitute an offer or solicitation for the purchase or sale of any financial instrument. Sif does not warrant or guarantee the completeness, accuracy, or fitness for any particular purposes of the information included in this release.

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

AMOUNTS IN EUR '000	Notes		2022		2021
Revenue from contracts with customers			363,891		418,496
Operating lease income			10,652		4,045
Total revenue	6		374,543		422,541
Raw materials		191,674		160,311	
Subcontracted work and other external charges		36,561		126,090	
Logistic and other project related expenses		15,797		21,910	
Direct personnel expenses	7	37,610		32,213	
Production and general manufacturing expenses		17,481		11,238	
Indirect personnel expenses	7	21,204		19,833	
Depreciation and amortization	14,15,31	24,226		21,712	
Facilities, housing and maintenance		4,947		4,127	
Selling expenses	8	628		632	
General expenses	9	12,305		8,471	
Operating profit			12,110		16,004
Impairment (losses) / reversals on financial assets		(3)		16	
Finance costs	10	(2,010)		(2,352)	
Finance costs and impairment losses			(2,013)		(2,336)
Other income			90		1,345
Share of profit / (loss) of joint ventures	11,17		1		82
Profit before tax			10,188		15,095
Income tax expense	12		2,670		3,208
Profit after tax			**7,518**		**11,887**
Attributable to:					
Non-controlling interests	22		301		297
Equity holders of Sif Holding N.V.			7,217		11,590
Profit after tax			**7,518**		**11,887**
Earnings per share	13				
Number of ordinary shares outstanding			25,501,356		25,501,356
Basic/diluted earnings per share (EUR)			0.28		0.45

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

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

AMOUNTS IN EUR '000	Notes	31-Dec-2022	31-Dec-2021
Equity			
Share capital	22	5,100	5,100
Additional paid-in capital	22	1,059	1,059
Retained earnings		91,266	84,527
Result for the year		7,217	11,590
Equity attributable to shareholder		104,642	102,276
Non-controlling interests		1,122	821
Total equity		105,764	103,097
Liabilities			
Lease Liabilities - non-current	24,31	99,006	100,573
Employee benefits - non-current	26	468	416
Deferred tax liabilities	14	688	-
Other non-current liabilities	28	810	1,407
Total non-current liabilities		100,972	102,396
Lease Liabilities - current	24,31	8,392	5,110
Provisions		228	-
Trade payables		92,333	62,082
Contract Liabilities	19	32,458	37,713
Employee benefits - current	26	3,310	2,460
Wage tax and social security		1,589	791
VAT payable		4,172	-
CIT payable		13	2,081
Other current liabilities	28	8,072	5,451
Total current liabilities		150,567	115,688
Total liabilities		251,539	218,084
Total equity and liabilities		357,303	321,181

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

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

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

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

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Key figures 2018 – 2022 (unaudited)

X € 1,000	2022	2021	2020	2019	2018	Definition of non-IFRS measures
Revenue	374,543	422,541	335,433	325,600	235,140	
Contribution	130,511	114,230	101,592	101,517	74,336	Total revenue minus cost of raw materials, subcontracted work, other external charges, logistic and other project related expenses
EBITDA	36,426	39,061	31,756	26,371	12,550	Earnings before net finance costs, tax, depreciation and amortization and share of profit of joint ventures
Adjusted EBITDA	41,792	39,434	31,756	26,371	12,550	EBITDA excluding expenses that relate to the research into and preparations for the required adjustment and expansion of our production facilities.
EBITDA (ex IFRS 16)	22,121	33,474	25,189	22,038	12,550	EBITDA 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.
Adjusted EBITDA (ex IFRS 16)	27,487	33,847	naf	naf	naf	EBITDA (ex IFRS 16) excluding expenses that relate to the research into and preparations for the required adjustment and expansion of our production facilities.
EBIT	12,200	17,349	11,408	9,164	-1,132	Earnings before net finance costs and tax
Adjusted EBIT	17,566	17,722	11,408	9,164	-1,132	EBIT excluding expenses that relate to the research into and preparations for the required adjustment and expansion of our production facilities.
Profit attributable to the shareholders	7,217	11,590	7,271	5,488	-2,051	
Net cash from operating activities	50,360	91,230	34,336	30,853	5,548	
Net cash from investing activities	-20,283	-11,493	-4,927	-14,485	-3,218	
Net increase/(decrease) in cash and cash equivalents	16,631	70,556	1,066	1,074	-372	
Depreciation and amortization	-24,226	-21,712	-20,348	17,207	13,682	
Net debt	17,566	32,482	52,119	80,291	30,377	Loans and borrowings including lease liabilities minus cash and cash equivalents
Net debt (ex IFRS 16)	-89,832	-73,201	-2,645	21,293	30,377	Net debt excluding lease liabilties
Net working capital	-81,500	-65,800	-2,900	4,300	14,200	Inventories, contract assets and contract liabilities, trade and other receivables, prepayments and trade and other payables

Key figures 2018 – 2022 (unaudited)

	2022	2021	2020	2019	2018	Definition of non-IFRS measures
IN KTON						
Production	169	171	164	185	138	
PER SHARE X €						
Earnings	0.28	0.45	0.29	0.22	-0.08	
Dividend	0.00	0.19	0.12	0	0.10	
Number of shares issued	25,501	25,501	25,501	25,501	25,501	
RATIOS %						
ROACE	28.3	43.2	18.9	8.3	-0.9	Operating result as a % of average equity plus loans and borrowings excluding lease-commitments minus cash
ROACE (adjusted)	43.6	43.2	18.9	8.3	-0.9	ROACE adjusted for the effects that relate to the research into and preparations for the required adjustment and expansion of our production facilities.
Solvency	29.6	32.1	39.0	35.6	43.6	Total equity/total assets
COVENANT RATIOS						
Total debt/EBITDA (ex IFRS16)	0.00	0.00	0.00	1.04	n/a	Loans and borrowings excluding lease commitments devided by EBITDA (ex IFRS16)
Solvency (ex IFRS 16)	42.1	47.7	50.0	47.2	43.6	Solvency adjusted for the effects of IFRS 16
NON-FINANCIAL KPI'S						
LTIF per mln manhours	6.62	4.98	2.48	2.75	1.12	
Sickness leave %	7.89	5.10	5.50	6.59	7.24	
Participation in projects that will result in renewable energy capacity	1,954	1,873	1,298	naf	naf	

naf = not accounted for, n/a = not applicable
Numbers and graphs for 2021 and 2022 are IFRS16 based unless explicitely stated otherwise.

Reconciliation of non-IFRS financial measures (unaudited)

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

Sif

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

(j) Calculation of ROACE - EBIT / Average capital employed

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

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

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

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

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Definition and Explanation of use of non-IFRS financial measures

Contribution	Total revenue from contracts with customers minus raw materials, subcontracted work and other external charges and logistic and other project-related expenses. Contribution is an important KPI since it excludes pass-through expenses. Together with production in Kton and EBIT it indicates the quality of Sif's performance in any reporting period.
EBITDA EBITDA (ex IFRS 16) 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. Both measures excluding IFRS 16 are provided to be able to be compared with non-IFRS reporting Companies, as the IFRS 16 impact on EBITDA is significant for Sif. (Adjusted) EBITDA is adjusted for expenses of lease contracts other than 'short-term leases' and 'low-value leases' and the impact of the difference in accounting treatment of lease incentives between IFRS 16 and the former lease standard IAS 17.
EBIT	Operating result plus other income. 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.

Net debt	Loans and borrowings minus cash and cash equivalents.
Net debt (ex IFRS 16)	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.
ROACE 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.
Solvency	Total Equity/Total assets
Solvency (ex IFRS 16)	This measure (ex IFRS 16) is a bank covenant, and is presented to express the financial strength of the Company.
Working capital	Inventories plus contract assets plus trade receivables plus current prepayments minus trade payables and contract liabilities) The company discloses working capital as a supplemental non-IFRS financial measure, as the company believes it is a meaningful measure to evaluate the company's ability to maintain a solid balance between growth, profitability and liquidity. Working capital is broadly 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.