

## Full year 2021: Solid Execution, Backlog Additions and Blueprint for Capacity Expansion

Our key performance indicators

People Planet				
LTIF	Net CO2 emission	Contributed to	Project deliveries	Contract wins
<b>4.98</b>	<b>0</b> ton	<b>1,873</b> MW capacity	Hollandse Kust Zuid	Dogger Bank C, Maasvlakte 2 & 36 Kton exclusive
Profit				
Contribution	EBITDA	Dividend proposal	ROACE	Order book for 2022-2024
<b>€114.2</b> Million	<b>€39.1</b> Million	<b>€0.19</b>	<b>43.2%</b>	<b>430</b> Kton

Operational highlights:

- > Total throughput of approximately 171 Kton of steel (2020:164 Kton) or 188 monopiles and primary steel for 55 transition pieces;
- > Fabrication of foundations for Dogger Bank A: largest in Sif history with 8.60 diameters;
- > Marshalling services for Kincardine floating offshore wind farm;
- > Carbon neutral footprint through compensation from HaliadeX @13 MW wind turbine;
- > Acquisition of KCI the engineers B.V. to strengthen engineering skills and capacity;
- > Completion of new roll-on roll-off (RoRo) quay;
- > Completion of blueprint for strategic expansion plan to increase production to ≈11.5 meters and 500 Kton production capacity.

Key figures 2021<sup>1</sup>:

- > Dividend-proposal €0.19 per share (€0.12 in 2020);
- > Year-end 2021 net working capital -/- €65.8 million (YE 2020 -/- €2.9 million);
- > Year-end 2021 cash €73.2 million (YE 2020 cash of €2.6 million).

In € million	FY 2021	FY 2020	change YOY
<b>Contribution</b>	<b>114.2</b>	<b>101.6</b>	<b>+12.4%</b>
<b>Adjusted EBITDA</b>	<b>39.4</b>	<b>31.8</b>	<b>+23.9%</b>
<b>Earnings after tax (attributable to the shareholder)</b>	<b>11.6</b>	<b>7.3</b>	<b>+58.9%</b>
<b>Production in Kton</b>	<b>171</b>	<b>164</b>	<b>+4.3%</b>
<b>EPS in €</b>	<b>0.45</b>	<b>0.29</b>	<b>+58.9%</b>
<b>LTIF in injuries per mln working hours</b>	<b>4.98</b>	<b>2.48</b>	<b>+99.2%</b>
<b>Gross CO2 emission per ton</b>	<b>21.5</b>	<b>19.3</b>	<b>+11.4%</b>
<b>Order book in Kton</b>	<b>For 2022</b>	<b>For 2023 &amp; beyond</b>	
<b>Contracted</b>	<b>180</b>	<b>214</b>	
<b>Exclusive negotiations</b>		<b>36</b>	

<sup>1</sup> All numbers presented are including IFRS 16-effects, unless stated otherwise.

**CEO Fred van Beers:**

“Whilst a humanitarian disaster is unfolding in the Ukraine as a consequence of the Russian invasion, we look back at what has been an extraordinary year for Sif. Amidst the raging COVID-19 pandemic, the loyalty and drive of our business partners and employees enabled us to deliver on our commitments to clients and to achieve solid financial results. In the same time, we booked further additions to our backlog and made good progress on the blueprint for our strategic expansion plan. Especially during these turbulent times, our company culture of teamwork, ownership and results orientation is a key success factor in pursuing our purpose to accelerate the growth of offshore wind power generation as the driver of the required energy transition.

**Delivered as expected during 2021**

It was a year in which we were occupied with two subjects in particular. Firstly, there was the short-cycled confusion about how to curb the ongoing COVID-19 crisis and secondly, for the period from 2025 onwards, the question of how and at what pace Sif needs to adapt its processes and production capacity to bring about the size monopiles that help accelerating the energy transition towards 15 MW + offshore wind turbines.

The pandemic presented us with challenges to meet production targets and deliver the order book in a safe and healthy environment. We have succeeded in this by not only strictly following the COVID-19 mitigating measures recommended by the government but also by implementing restrictions on travelling and by opening dedicated COVID-19 test facilities at both production-sites at an early stage. This worked out successfully thanks to the loyalty and flexibility of our suppliers and employees. Sickness rates due to contamination and absence due to compliance with quarantine regulations were limited and our suppliers were able to deliver on their commitments. All in all, the COVID-19 pandemic did not lead to significant loss of production and Sif did not have to file for any form of governmental support.

**Capacity for 2022-2024 well filled**

The Sif orderbook is well filled with projects for the 2022-2024 timeframe. The projects Dogger Bank A and Maasvlakte 2 are in execution while in parallel preparations are being made for manufacturing Dogger Bank B, Hollandse Kust Noord and Dogger Bank C. All together these projects reflect 394 Kton. Post-closing the 2021 books, we entered exclusive negotiations for a 36 Kton project for the 2023 calendar year, bringing the orderbook to 430 Kton. The Dogger Bank projects are designed with the largest diameters in the history of Sif and are approaching the boundaries of what is possible with our existing manufacturing facilities. Beyond 2024, Sif foresees projects in the market with increased turbine capacities and water depths and harsher soil conditions that require larger diameters. This is developing fully in line with expectations and that is why Sif started a strategic analysis regarding required changes in the future production set-up.

**Strategic plans for growth from 2025 onwards**

Energy transition was the longer-term theme of 2021; how can we achieve the environmental objectives set during the various climate conferences? How and at what pace can we transform from a fossil fuel-driven economy to more sustainable solutions? We have witnessed quarterly upward adjustments of ambitions by individual countries. The interim position results in a growth ambition for Europe between 100 and 130 GW offshore wind capacity by 2030. That is four to five times what has been installed in the past two decades. The war in Ukraine is a human tragedy in the first place and it painfully illustrates the imbalance in fossil energy access and ownership. It may well catapult the demand for even more renewable offshore wind energy. Although in the short term it may lead to supply shortage in raw materials, amongst others for steel, and in energy.

Also short term, North Sea Oil and Gas production could see an increase in activity to facilitate short term independency from other sources for fossil fuels. The offshore wind industry can facilitate longer term independency. This requires EU and local political and regulatory decisionmakers to support and simplify license and permitting processes for both the new windfarms and the associated manufacturing and supply chain capacity growth.

With or without a further escalation of offshore wind energy ambitions, foundations will become larger and heavier. With the Dogger Bank projects, Sif is approaching the boundaries of what we can handle in the existing factory halls in terms of dimensions. Our blueprint for adjustment and expansion of production facilities has been completed by the close of 2021 and we have meanwhile started an analysis of capex requirements and financing options.

Conditions precedent to the final investment decision that is planned for early July 2022 are amongst others the commitments of launching customers, solid financing and certainty of funds, returns on capital employed resulting in three to four years earn back of investments, CO2 footprint and environmental permitting. At this moment we are in exclusive negotiations on 400 ktons launching capacity for the new factory and clients have, subject to FID, committed to substantial funding.

The envisaged production expansion at our Maasvlakte 2 premises in the Netherlands, will enable Sif to manufacture 200 monopiles annually with a reference throughput capacity of 500 kiloton and diameters up to maximum 11.5 meters. In this envisaged new manufacturing set-up, we will enable the optionality for a further step-up to 15-meter diameter in case required. Given the current global instability and the uncertainty of pricing and availability of raw materials, it is at this moment difficult to assess a final investment amount for the anticipated expansion.

A capital markets day will be announced once the full business case can be communicated with our stakeholders including details of relevant launching customers, capex, financing and timing.

### **Sustainability drives us**

At Sif, the energy transition topic has been on the agenda for at least 20 years. Offshore wind is the core of our business and Sif aims to contribute to the necessary acceleration of the energy transition with its products and services. Yttre Stengrund, the first offshore wind project from 2000, has been decommissioned. Other projects dating back to that period will shortly come to the end of their technical and economic lifetime. The replacement and decommissioning market is therefore also expected to show growth in the period 2025-2030. In our strategic plans, we have made first steps in anticipation of these developments.

### **A purpose driven organization**

Sif believes that with its products and services it contributes to a better world with respect for the production factors used for this purpose. The pursued balance between demand for products and the availability of the best production factors will ultimately lead to long term value creation for all stakeholders of the company. Sif wants to contribute to the availability and affordability of more sustainable energy by improving and renewing its infrastructure. The production and use of more sustainably produced energy will contribute to the global climate change limitation goals. In doing so Sif contributes to four sustainability goals of the United Nations. The objective of Sif is to cause no, or as little damage as possible to its (living) environment and its people, while maintaining a decent and balanced reward of wages, interest, taxes and dividend.

We engaged EY to give limited assurance on three non-financial indicators that are used to measure ESG-progress: 1: on the participation of Sif in projects that will result in renewable energy capacity (measured by the number of monopiles produced and documented in FAT (factory acceptance testing) delivery terms in 2021 multiplied by the estimated capacity in MW); 2: on the LTIF indicator for safety and 3: on the CO2 footprint.

Assuring a safe and healthy environment for our employees, contractors and visitors is and will remain the most important topic in all we do”.

## **FY 2021 results development**

All amounts and numbers in this press release are based on the Company's annual accounts that will be published in draft today and that will be presented to the Annual General Meeting of Shareholders for approval on 12 May 2022. All numbers are including IFRS 16, 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 constraints, total contribution and contribution per Kton are more adequate performance indicators for Sif than revenue. All Sif's activities take place in the Netherlands and products are as a rule delivered 'free along ship' or 'free on board' Rotterdam. Less occasionally products are 'delivered at place'. This mostly applies to primary steel for transition pieces or pin piles for jackets. When applicable, activities are invoiced inclusive of VAT. However, in view of the predominantly crossborder business-to-business nature of the performances, in many cases this is not applicable.

In 2021, contribution (revenue minus the cost of raw materials, subcontracted work, other external charges and logistic and other project-related expenses) with €114.2 million was more than 12% higher than in 2020. Of total contribution, €2.1 million was generated by marshalling activities (€1.8 million in 2020) and €3.2 million was generated by engineering activities (nil in 2020). Contribution per Kton throughput, corrected for marshalling and engineering activities, increased to €637/ton (2020: €609/ton), positively impacted by a higher margin on subcontracted work.

Deducting direct personnel expenses, overhead and production & general manufacturing expenses this resulted in gross profit of €70.8 million (16.8% of total revenues) compared to €63.1 million (18.8% of total revenues) in 2020. 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 18.9% higher direct personnel relate to the 4.3% higher production output and the acquisition of KCI the engineers. Production and general manufacturing expenses more or less levelled at the previous year's amount. Sif did not apply for subsidies or other COVID-19 pandemic-related government- or lender support. EBITDA in 2021 arrived at €39.1 million compared to €31.8 million in 2020. EBITDA 2021 is impacted by a gain on bargain purchase of €1.3 million relating to the acquisition of KCI the engineers B.V. In 2021, Sif incurred expenses that directly relate to the adjustment and expansion project for production facilities and business acquisitions. If reported EBITDA of €39.1 is adjusted for these results, it amounts to €39.4 million.

Earnings attributable to the shareholder were €11.6 million in 2021 compared to €7.3 million in 2020. Earnings per share were €0.45 compared to a €0.29 per share in 2020.

At the end of 2021 our workforce was composed of 368 permanent and 180 flexible staff (548 Fte total) compared to 314 permanent and 255 flexible staff (569 Fte total) at the end of 2020.

## 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 0.00 at the end of 2021 and solvency of 47,8% at the end of 2021.

## Operating working capital, net debt, CAPEX and cash flows

In 2021, Sif invested € 12.8 million in tangible and intangible fixed assets (€5 million in 2020). This mainly relates to investments in production facilities that sometimes are related to specific projects. Sif has leased approximately 62 hectares of land in Rotterdam. As of 2019 IFRS 16 obliges Sif to capitalize the right of use for landlease and to amortize this over a period in line with the estimated lease term. Early November 2021 management has re-assessed the lease term, and concluded that, given the current market outlook, the land is expected to be leased an additional 10 years (until June 2041). This resulted in an increase of the right-of-use assets and lease liabilities amounting to € 53,7 million. The positive effect of IFRS16 in comparison to Dutch GAAP is approximately € 5.7 million on EBITDA in 2021 (€6.6 million in 2020). The effect on net debt amounts to approximately € 105,7 million.

Net working capital (inventories + contract assets + trade receivables + current prepayments – trade payables – contract liabilities) amounted to -/- € 65.8 million at the end of 2021 compared to -/- € 2.9 million at the end of 2020. 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 2021 amounted to € 73.2 million compared to € 2.6 million at the end of 2020. Despite the fact that Sif did not use financial instruments in the year 2021, Sif may use financial instruments to reduce risks related to currency or interest rate volatility if required. Sif applies a non-speculative approach in this respect.

Net debt at the end of 2021 was -/- € 73.2 million on an ex-IFRS16 basis and € 32.5 million under IFRS16 reporting. The difference is largely determined by the lease of land at Maasvlakte 2 Rotterdam with the corresponding lease-commitments being amortised on the balance sheet. At the end of 2021 total equity (paid-in capital + retained earnings + non-controlling interests) amounted to € 104.1 million on a ex-IFRS 16 balance sheet total of € 217.6 million (solvency of 47.8%) compared to € 94.9 million on a balance sheet total of € 175 million (solvency of 50%) at the end of 2020. When determined on IFRS16 basis total equity amounted to € 103.1 million which gives a solvency of 32.1% on a balance sheet total of € 321.2 million.

## Order book tonnage and outlook

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The current order book for 2022 includes approximately 180 Kton production volume. This mostly relates to the projects Maasvlakte 2, Dogger Bank A, Hollandse Kust Noord and start of the production for Dogger Bank B. For 2023 and beyond we already contracted 250 Kton. This includes the remaining part of Dogger Bank B, and Dogger Bank C and a project of 36 Ktons for which we entered exclusive negotiations post closing 2021.

EBITDA for 2022 is expected to arrive at a level slightly higher than 2021, all subject to macro economic and political developments.

## Dividend

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Profit attributable to the shareholders amounted to €11.6 million. The Executive Board, with the approval of the Supervisory Board, has decided to add approximately 58% to the reserves of the Company and to propose to the Annual General Meeting of Shareholders to pay-out €0.19 per share as a cash dividend. This equals 42% pay-out and a total dividend of € 4.8 million.

## Statement by the Management Board

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The Executive Board declares that, to the best of its knowledge:

1. The financial statements as included in this release and the 2021 Annual Report provide a true and fair view of the assets, liabilities, financial position and profit for the financial year of Sif Holding N.V. and the Group companies included in the consolidation;
2. The report of the Executive Board as included in the 2021 Annual Report provides a true and fair view of the situation on the balance sheet date and the business development during the financial year of Sif Holding N.V., and its affiliated Group companies included in the consolidated financial statements. The report of the Executive Board describes the material risks to which Sif Holding N.V. is exposed.

## Financial calendar

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12 May 2022	AGM and Trading Update Q1 2022 AGM record date 14 April 2022 Quotation ex-dividend 14 May 2022 Dividend record date 17 May 2022 Payment of dividend 21 May 2022
26 August 2022	HY 2022 Earnings
4 November 2022	Trading Update Q3 2022

## Presentation of 2021 results

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Sif will host an audio webcast analyst meeting following publication of full year 2021 results on 18 March 2022 at 10:00 AM CET. Login details are on the homepage of Sif's website. An on-demand version will be available from tomorrow. A (virtual) investor- road show will be organized later in 2022.

## Contact information

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## Disclaimer

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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 2021

AMOUNTS IN EUR '000

	Notes	2021	2020
Revenue from contracts with customers		418,496	330,130
Operating lease income		4,045	5,303
<b>Total revenue</b>	7	422,541	335,433
Raw materials		160,311	130,437
Subcontracted work and other external charges		126,090	82,510
Logistic and other project related expenses		21,910	20,894
Direct personnel expenses	8	32,213	27,091
Production and general manufacturing expenses		11,238	11,389
Indirect personnel expenses	8	20,208	20,888
Depreciation and amortization		21,712	20,348
Facilities, housing and maintenance		4,127	5,125
Selling expenses	9	632	1,018
General expenses	10	8,096	4,325
<b>Operating profit</b>		16,004	11,408
Impairment (losses) / reversals on financial assets		16	(2)
Finance costs	11	(2,352)	(2,396)
<b>Finance costs and impairment losses</b>		(2,336)	(2,398)
Other income	6, 17	1,345	0
Share of profit of joint ventures	12, 18	82	(61)
<b>Profit before tax</b>		15,095	8,949
Income tax expense	13	3,208	1,376
<b>Profit after tax</b>		<b>11,887</b>	<b>7,573</b>
Attributable to:			
Non-controlling interests	23	297	302
Equity holders of Sif Holding N.V.		11,590	7,271
<b>Profit after tax</b>		<b>11,887</b>	<b>7,573</b>
<b>Earnings per share</b>	14		
Number of ordinary shares outstanding		25,501,356	25,501,356
Basic/diluted earnings per share (EUR)		0.45	0.29


**Sif**



## Consolidated statement of financial position as at 31 December 2021 (before appropriation of result)

AMOUNTS IN EUR '000	Notes	31-Dec-2021	31-Dec-2020	AMOUNTS IN EUR '000	Notes	31-Dec-2021	31-Dec-2020
<b>Assets</b>				<b>Equity</b>			
Intangible fixed assets	15	477	1,265	Share capital	23	5,100	5,100
Property, plant and equipment	16	107,612	110,340	Additional paid-in capital	23	1,059	1,059
Right-of-use assets	32	104,598	51,902	Retained earnings		84,527	80,316
Investment property	17	425	400	Result for the year		11,590	7,271
Investments in joint ventures	18	115	33	<b>Equity attributable to shareholder</b>		102,276	93,746
Deferred tax assets	13	748	349	Non-controlling interests		821	524
<b>Total non-current assets</b>		213,975	164,289	<b>Total equity</b>		103,097	94,270
Inventories	19	612	375	<b>Liabilities</b>			
Contract assets	20	12,944	29,555	Lease Liabilities - non-current	25, 32	100,573	50,139
Trade receivables	21	17,927	43,661	Employee benefits - non-current	27	416	273
VAT receivable		50	-	Other non-current liabilities	29	1,407	1,484
Other current financial assets		-	15	<b>Total non-current liabilities</b>		102,396	51,896
Prepayments		2,472	1,307	Lease Liabilities - current	25, 32	5,110	4,625
Cash and cash equivalents	22	73,201	2,645	Trade payables		62,082	63,438
<b>Total current assets</b>		107,206	77,558	Contract Liabilities	20	37,713	14,319
				Employee benefits - current	27	2,460	2,042
				Wage tax and social security		791	1,557
				VAT payable		-	5,482
				CIT payable		2,081	498
				Other current liabilities	29	5,451	3,720
				<b>Total current liabilities</b>		115,688	95,681
				<b>Total liabilities</b>		218,084	147,577
<b>Total assets</b>		<b>321,181</b>	<b>241,847</b>	<b>Total equity and liabilities</b>		<b>321,181</b>	<b>241,847</b>



## Consolidated cash flow statement for the year ended 31 December 2021

AMOUNTS IN EUR '000

	Notes	2021	2020
<b>Cash flows from operating activities</b>			
Profit before tax		15,095	8,949
Adjustments for:			
Depreciation and amortization of Property, Plant and Equipment and Intangible assets	15, 16	16,524	15,051
Depreciation of right-of-use assets	32	5,189	5,297
Fair value adjustments on investment property	17	(25)	-
Unrealised changes in joint ventures	18	(82)	61
Gain on bargain purchase	6	(1,320)	-
Impairment (losses) / reversals on financial assets		(16)	2
Net finance costs		2,352	2,396
Changes in net working capital			
o Inventories	19	(237)	(63)
o Contract assets and liabilities	20	40,386	(19,516)
o Trade receivables	21	26,637	1,579
o Prepayments		(605)	(1,007)
o Trade payables		(1,720)	18,716
Total changes in net working capital		64,461	(291)
VAT payable and receivable		(5,542)	3,751
Initial direct costs on operating lease contracts		(2,095)	-
Other financial assets		859	5
Employee benefits		198	(362)
Wage tax and social security		(1,000)	1,240
Other liabilities		(1,291)	(2,232)
Government grants received	29	841	133
Income taxes received / (paid)		(1,971)	1,330
Interest received / (paid)		(947)	(994)
<b>Net cash from operating activities</b>		<b>91,230</b>	<b>34,336</b>

## Consolidated cash flow statement for the year ended 31 December 2021 (continued)

AMOUNTS IN EUR '000

		2021	2020
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets	15	(100)	(277)
Purchase of property, plant and equipment	16	(10,826)	(4,650)
Acquisition of subsidiaries	6	(567)	-
<b>Net cash from (used in) investing activities</b>		<b>(11,493)</b>	<b>(4,927)</b>
<b>Cash flows from financing activities</b>			
Movements in revolving credit facility	25	(174)	(22,698)
Payment of lease liabilities	32	(5,947)	(5,645)
Dividends paid	23	(3,060)	-
<b>Net cash from (used in) financing activities</b>		<b>(9,181)</b>	<b>(28,343)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>70,556</b>	<b>1,066</b>
Cash and cash equivalents at 1 January		2,645	1,579
<b>Cash and cash equivalents at 31 December</b>		<b>73,201</b>	<b>2,645</b>