

## Press release

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Monday, 6 November 2023

# Annual report 2022: Keeping course with an agile and efficient organisation

Kinderdijk - On Monday 6 November 2023, Royal IHC published its annual report for 2022. Royal IHC is, and remains, an important player in the Dutch maritime manufacturing industry through its expertise of complex custom-built vessels and technologically advanced innovations. Geopolitical developments in 2022, and the consequences of the international COVID-19 crisis had a major impact on our sales market, and led to high volatility in the commodity market and among suppliers. Nevertheless, the market for smaller projects (flow business) picked up well in 2022. Our business in the dredging, mining and offshore energy markets is showing growth and these projects are profitable. Our customers' order books are once again well filled, and we see a clearly growing market demand for our products, which gives us confidence in the future.

The 2022 financial year was marked by a number of significant developments:

- On 31 August 2022, the AMAZON was successfully handed over to McDermott International after a series of effective sea trials. Although the AMAZON project has faced challenges, we are proud of the final result and the teams on both sides that made it possible. The AMAZON is the result of dedication, knowledge and passion from all involved.
- In 2022, a reorganisation brought down our cost level and further adjusted our organisation to meet the expected turnover in the 2022 business plan. The redesign of the organisation has made Royal IHC more flexible and agile. By early 2023, the planned cost savings and the target of 1850 FTEs worldwide were achieved.
- As part of the reorganisation, it was decided to deactivate the production site in Krimpen aan den IJssel for the time being. The site was officially closed in the end of 2022. The new construction of the 31,000 m<sup>3</sup> TSHD for Boskalis, contracted in October 2023, will take place in Krimpen aan den IJssel. This means the yard will be back in operation from early 2024.
- In addition, a process to improve the financing structure was initiated in 2022. An agreement was reached with most of the lenders by the end of 2022 and following the favourable outcome of the 'WHOA (Homologation Private Agreement Act) procedure' on 9 March 2023, the new financing structure was implemented.
- Part of the process was the sale of the standalone subsidiary IQIP. This was completed on 14 March 2023. By selling IQIP, we strengthened our financial base and existing debt could be

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repaid. In addition, Royal IHC raised a total of €80 million of subordinated financing in the form of a fallback facility in 2023, further strengthening our resilience.

- Since the restructuring of the financing structure, we have seen increasing confidence and interest in Royal IHC's services and products and therefore in its future. Important new contracts signed recently are the contract for two mining dredgers and the contract with Boskalis for the new construction of a 31,000 m<sup>3</sup> TSHD.

### Financial results

The financial results for 2022, excluding IQIP, show EBITDA of €23.9 million negative (2021: €37.3 million negative) and a net loss of €35.1 million (2021: €63.4 million net loss), which is an improvement compared to previous years. The reorganisation, increased flow-through activities and completion of complex and loss-making old projects contributed positively. Moreover, the COVID-19 support helped us to retain our employees at a time when orders and sales dropped significantly due to the pandemic.

### A selection of figures on the 2021 and 2022

(In million euros)	2022	2021
New orders	402,4	220,9
Turnover	354,0	380,9
Order portfolio as at 31 December	260,3	204,9
EBITDA	-23,9	-37,3

As a result of the divestment of IQIP, the balance sheet was significantly strengthened. The balance sheet as at 31 December 2022 would have shown as follows if the divestment of IQIP would have been effectuated before year-end 2022 (pro-forma):

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(In millions of euros)	31 December 2022	- pro forma - 31 December 2022
Non-current assets	184.5	184.5
Working capital	-58.6	-58.2
Disposal group and assets held for sale	91.5	52.5
Cash and cash equivalents	28.6	92.8
Net assets	246.0	271.6
Non-current liabilities	230.6	77.7
Equity	15.4	193.9
Financing	246.0	271.6
Current ratio (current assets/current liabilities)	1.16	1.30
Solvency (total equity/total assets)	2%	35%

*CEO Derk te Bokkel: "With the reorganisation and sale of IQIP, Royal IHC again has a stable financial basis, also for the necessary project financing for the more complex assignments. As an organisation, we have become more flexible, resilient and efficient. Our flow business (equipment, services and standard dredgers) is picking up well and is profitable. Maintaining this starting position has our continuous attention. Partly because of our unique expertise, we are so well positioned to continue to expand our order book in the future."*

### Organisational changes

From 1 January 2022, Jan-Pieter Klaver started as CEO of Royal IHC. After the transfer of the AMAZON, 31 August 2022, it was decided to go back to a smaller Executive Board and Kees van der Snel (COO) left the company. After completion of the refinancing process in March 2023, Paul van de Harten also decided to leave Royal IHC. Derk te Bokkel has been appointed CRO / CFO a.i. since April 2023 with the task of developing a future-proof business model. This was also part of the financial restructuring plan agreed with financial stakeholders.

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With the successful completion of the restructuring, the contracting of the 31,000 m3 TSHD for Boskalis and the adoption of the new strategy, Jan Pieter Klaver has decided to leave Royal IHC in 2024. Derk te Bokkel has been appointed CEO with effect from 1 November 2023. He combines this with his role as CFO.

There were no changes in the composition of the Supervisory Board in 2022, as was the case in 2023. Since November 2023, the Supervisory Board consists of Frank Verhoeven (chairman), Gerben van de Rozenberg, Hans Kamps, Kees Korevaar and Birgit Otto.

### **Developments in 2023**

The effects of COVID-19 will be felt for some time to come. Large orders will resume once customers regain the confidence to invest in the renewal of their asset base with contracts for infrastructure projects in hand. The current growth in custom dredgers is mainly due to equipment supply, engineering and construction supervision packages. Due to rising steel prices - as a result of the war in Ukraine - the market for new-build dredgers was at a standstill last year. For the offshore energy market, there is a clear transition from traditional oil and gas to renewables. The latter is still under development, offering new opportunities and possibilities.

Boskalis' order for the construction of the 31,000 m3 TSHD is of strategic importance. It confirms our position as a supplier of maritime technology. The order book for 2023 shows growth, also for custom-built vessels. The cost level for construction in the Netherlands remains an issue and customers are increasingly inquiring on the alternative for building in other parts of the world. This will therefore become part of Royal IHC's future-proof business model.

Royal IHC's mission is to play a leading role in making the maritime industry more efficient and sustainable. To this end, Royal IHC has the right knowledge and expertise. After a challenging period, Royal IHC is once again looking forward to the future with a clear focus on the core business and further improvements in the operational process and financial results.

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### Company profile:

Royal IHC is determined to play a leading role in making the maritime industry more efficient and sustainable.

Anchored in the rich Dutch maritime history, Royal IHC continues to build on its position as a leading provider of maritime technology and craftsmanship. With the right expertise on board and driven by innovation, Royal IHC offers a clear competitive advantage to its global clients in the dredging, offshore, mining and defence industries.

Through its equipment, ships and services, Royal IHC delivers reliable, integrated solutions to increase customers' operational efficiency and enable more sustainable solutions. In an ever-changing world, our goal remains to find the smartest and safest way forward for both our customers and Royal IHC employees.

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