# Annual Report 2024

# IHC Merwede Holding B.V.

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**Annual report 2024**

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Royal IHC

## Key figures 2020-2024

(Amounts in millions of euro, unless stated otherwise)

| | | 2024 | 2023* | 2022* | 2021* | 2020 |
|---|---|---|---|---|---|---|
| | | | | | | |
| New orders | * | 384.9 | 553.8 | 402.4 | 220.9 | 533.5 |
| | | | | | | |
| Revenue | * | 436.4 | 312.3 | 354.0 | 380.9 | 737.7 |
| | | | | | | |
| Order portfolio as at 31 December | * | 397.3 | 483.3 | 260.3 | 204.9 | 450.5 |
| | | | | | | |
| Profit or loss for the period | ** | -33.4 | 121.6 | -35.1 | -63.4 | -300.1 |
| | | | | | | |
| Profit or loss for the period attributable to owners of the company | | -33.4 | 121.6 | -35.1 | -63.3 | -300.7 |
| | | | | | | |
| EBITDA | * | 1.4 | -31.2 | -23.9 | -37.3 | -199.4 |
| | | | | | | |
| Equity | | 109.0 | 140.4 | 15.4 | 46.4 | -92.8 |
| | | | | | | |
| Total assets | | 414.5 | 493.8 | 636.3 | 767.6 | 924.7 |
| | | | | | | |
| Equity / total assets | | 26% | 28% | 2% | 6% | -10% |
| | | | | | | |
| Equity / capital employed | | 58% | 57% | 6% | 17% | -40% |
| | | | | | | |
| Average number of employees (head count) | * | 1,766 | 2,047 | 2,143 | 2,542 | 3,319 |

** For the years 2023, 2022 and 2021, these key figures do not include the discontinued operations.*
*** Profit or loss for the period for the year 2023 includes a gain of € 172.6 million as a result of the sale of IQIP.*

## Corporate profile

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

Anchored in a rich Dutch maritime history, Royal IHC is a leading supplier and system integrator of maritime technology and expert craftsmanship.

With the right people and skills on board, and by presenting a broad spectrum of innovative solutions, we provide a competitive edge to our worldwide customers in the dredging, offshore, mining and defence industries. However, Royal IHC is much more than equipment, vessels and services. We deliver reliable, integrated solutions that improve operational efficiency and allow for a more sustainable performance.

All over the world, our people are deeply committed to technological innovation, supported by our long-standing experience in our core markets. Our experts work in close collaboration with multiple stakeholders to meet the specific needs of each customer.

As we navigate new waters in an ever-changing world, our aim remains unchanged: to discover the smartest and safest way forward for both our customers and our people.

Together, we create the maritime future.

IHC Merwede Holding B.V. is a private limited liability company and has its statutory seat in Kinderdijk (hereafter, the IHC Group or Royal IHC). All shares of IHC Merwede Holding B.V. are held by Stichting Continuïteit IHC and B.V. Finance Continuïteit IHC.

# Report of the Supervisory Board

### Introduction

After a period of challenges, 2024 marks a turning point, reflecting the initial positive outcomes of Royal IHC's strategic realignment. Royal IHC's key objective is to create business continuity as a designer and builder of integrated vessels, equipment and services for the dredging, offshore, mining and defence industry. Innovation is a differentiator, supported by substantial investments in maritime technology, demonstrating the company's commitment to cutting-edge solutions.

During the past year, the leadership team was dedicated to implementing improvements that strengthen the company's market position, such as developing the two-pillar shipbuilding strategy with the addition of our partner yard NASICO in Vietnam, and financial stability. In order to optimise the company's operational agility and efficiency Royal IHC merged its equipment, parts and service companies into one legal entity in 2024. Bringing these businesses together will create a more efficient organisation with greater commercial strength. This new structure is part of the broader strategy to optimise the company's global workforce and streamline processes.

The leadership team played a key role in guiding these efforts. The commitment to ethical business practices is a top priority, ensuring that all activities align with regulatory standards, internal policies and the highest ethical standards.

The growing order book for 2024 underlines the confidence of customers in Royal IHC's capabilities and expertise in marine technology, with new orders secured for flow business and key projects. Noteworthy 2024 projects and orders include the construction of a 31,000m³ trailing suction hopper dredger for Boskalis, the medium-class TSHD for US Army Corps of Engineers (USACE), our contribution to the four Dutch submarines awarded to Naval Group and signed orders for a medium sized Beagle 8 standard hopper for Vishwa Samudra and for a series of cable-laying vessels for OMS. This orderbook, including the signed orders, forms a stable base for the upcoming years on the road to profitability.

### Supervision

The Supervisory Board met 8 times during 2024, and had 1 additional call. The Audit Committee convened 3 times in 2024. The Tender Committee (previously named Technical and Investment Committee) met 7 times and the Remuneration Committee convened 3 times in 2024. In addition, the members of the Supervisory Board have attended regular meetings between the Management Board and the Works Council on a rotational basis. Overall, the Supervisory Board has been closely involved during this year.

There was one change in the composition of the Supervisory Board in 2024. On the 31$^{st}$ of March Mr. Korevaar resigned, and Mr. Van den Bergh was appointed as his successor.

Topics discussed by the Supervisory Board included reporting and financing, the two-pillar shipbuilding strategy and key account management. The Board also focused on Royal IHC's commitment to operational performance, health and safety and compliance with regulatory standards, including those with respect to CSRD.

### Financial statements

The Supervisory Board hereby presents the Annual Report 2024. This incorporates the financial statements for the year as prepared by the Management Board. The financial statements were audited and discussed with KPMG Accountants NV and approved by the Supervisory Board on 5 June 2025. The auditor issued an unqualified independent auditor's report on the 2024 financial statements. The result of IHC Group for 2024 is € 33.4 million negative.

The EBITDA increased from € 31.2 million negative (excluding IQIP) in 2023 to € 1.4 million positive in 2024. The Management Board proposes to charge the net loss against reserves. This proposal has been approved by the Supervisory Board.

**Management Board composition**

With effect of 16 March 2024 Mr. Ter Riet was appointed by the Supervisory Board as Chief Operations Officer of Royal IHC. And on 2 December 2024 Mr. Dijkstra was appointed as Chief Financial Officer of Royal IHC, with Mr. Te Bokkel continuing to serve in his role as CEO of Royal IHC. From that date, the Management Board of Royal IHC consists of three members: a CEO, a COO and a CFO. Together they will further develop Royal IHC's strategic direction.

**Conclusion**

Looking back on 2024, the strategic transformation continued and all efforts to achieve financial stability have enabled Royal IHC to regain the confidence of its stakeholders in the continuity of its business. A stable foundation for the future of Royal IHC has been established, from which the company can grow in a controlled manner.

The Supervisory Board expresses its gratitude to Royal IHC's employees, customers, shareholders, and partners for their continued commitment and support. Their dedication plays a vital role in driving the company's success and ongoing innovation in the maritime industry.

Looking ahead, the Supervisory Board remains committed to steering Royal IHC towards stability and prosperity.

Kinderdijk, 5 June 2025

F.A. Verhoeven, Chairman

G. van de Rozenberg

J.H. Kamps

B.I. Otto

R.N. van den Bergh

## Report of the Board of Management

In 2024, Royal IHC marked a turning point, as the results of its new strategic approach became evident. Following the restructuring and cost-saving measures of 2023, progress was made in improving financial stability, and by the end of the year, the company was in a more stable financial position due to improved operational and financial performance. Improved market conditions and strategic decisions helped to rebuild customer confidence, reinforced by key contracts such as Boskalis' order for a 31,000 m³ hopper (Q4 in 2023), and the publicity regarding Royal IHC's role in the Naval Group's submarine project, awarded to Naval Group in March 2024. With a steady influx of new orders, positive market expectations and promising opportunities in the flow business, the company is now steering towards sustainable growth.

**Results**

Although the month-to-month results in the first half year of 2024 were still negative, the improved workload through the orders signed late 2023 enabled the company to show largely positive month-to-month results for the second half. The net result of Royal IHC for 2024 is a € 33.4 million loss. However, IHC's EBITDA significantly increased: from €31.2 million negative (excluding IQIP) in 2023 to €1.4 million in 2024. Over the past few years, a large number of initiatives have contributed to achieving these results. This included right-sizing the workforce while preserving key design, estimating, and engineering capabilities, centralising operations in Kinderdijk, streamlining the international footprint, and investing in harmonised IT solutions across the business. Special attention was given to safety, through trainings, management rounds and open discussion. In addition, major investments to eliminate maintenance backlogs in key equipment were initiated and executed.

In 2024, further operational and organisational improvements were made, focusing on financial control (calculation and cost allocation), reducing organisational complexity (e.g. the merger of our 3 equipment companies), strengthening our market positioning (e.g. reintroducing key account policy and cross-company product management), and enhancing risk management at an early-stage of tenders and proposals (e.g. bid-no-bid decision making). These initiatives are overseen by the Strategy Team, comprising members of the Management Board and business directors.

**Refinancing**

At the end of 2024, Royal IHC began the process of replacing its Senior Facilities Agreement (SFA), which matured on 3 June 2025. As of 3 June 2025, the new Guarantee and Financing Arrangement has been signed and agreed upon by all relevant stakeholders. Following completion of last condition precedents, which represent standard formalities and other corporate and security documentation, the new Guarantee and Financing Arrangement became available for the issue of bank guarantees on 5 June 2025. All existing guarantee and loan facilities remained accessible to Royal IHC until the new Guarantee and Financing Arrangement was effective. Existing bank guarantees have been migrated to the new structure through the implementation of counter-guarantees by the new banks. Most of the existing bank guarantees are expected to be novated over the next few months and the small number of remaining existing bank guarantees will be kept until expiry.

**Strategy**

Royal IHC has been diligently collaborating with its customers to expand its solutions in vessel design, construction, integration, and services. The competition among contractors in both dredging and offshore markets remains intense, and vessel hiring rates are under pressure. Consequently, customers are seeking cost-effective solutions for building new vessels. Business cases for large new-built vessels are particularly challenging due to high capital expenditures (CAPEX) and subsequent operating expenses (OPEX) while in operation, which are influenced by rising labor and material costs in an unstable economic and political climate. Additionally, competition, especially from Chinese and Asian shipyards, has resulted in closures and as such a reduction in experienced shipyards capable of constructing and integrating large and complex vessels.  Simultaneously, governments, such as the Indian, are aiming to develop local shipbuilding capabilities and support local industries and companies through, for example, subsidies in order to create jobs, develop skills and through this support, create a more resilient national economy.

Royal IHC's new strategy, to provide a solid value proposition to its customers, is based on a two-pillar shipbuilding strategy: shipbuilding in the Netherlands, mainly for projects with short lead times, highly complex ships or naval clients, and shipbuilding abroad, such as at a partner shipyard in Vietnam (Nam Trieu). For the building abroad pillar, the focus in 2024 was on projects with lower-risk profiles and generally more flexibility in lead times. The objective is to build increasingly larger and more technically complex vessels at our partner yard(s) over the next few years.

Although the organisation is set up to build vessels, in addition to its shipbuilding activities Royal IHC also offers design and equipment packages for customers looking for a local shipbuilding solution in countries with local construction requirements (e.g. Jones Act in USA). Royal IHC sees an increasing demand for this model, underscoring the decision to structurally lower its fixed cost basis in shipbuilding in Western Europe.

The Royal IHC commercial strategy is built around the following blocks:

- a portfolio designed around core capabilities in shipbuilding, integrated design of vessels and mission equipment, underwater excavation and slurry transport, material handling on- and offshore,
- a position as system yard within the Dutch maritime cluster, sharing resources and expertise with noncompeting yards,
- differentiation through technology and customer intimacy against increasing competition from China, and
- lifelong support of the delivered assets, from cradle to the grave.

This entails as main drivers of strategic success:

- outside-in focus supported by enhanced commercial activities with focus on sales, marketing, product development and innovation,
- excellent engineering skills and focus on technical expertise as key resource bringing long term continuity,
- a stable flow business generating a long-term baseline income with reasonable margins with limited risk,
- improved competitive positioning by:
  - rebalanced fixed cost base in high cost areas in Europe with sourcing from attractive low-cost areas
  - investments in higher efficiency / productivity
  - increased cooperation and cost sharing with the local maritime ecosystem in NL
- improve service level to clients globally.

*Key actions for the coming two years*
With the first year of its three-year strategy completed, Royal IHC will further build on the progress already made and advance its key initiatives as follows:

- The company will continue developing the two-pillar industrial shipbuilding by expanding low-cost construction propositions abroad, including design and hardware packages.
- It will further strengthen its role as a service partner for key dredging and offshore contracting customers, supporting their specific needs and assisting with low-cost building scenarios.
- Royal IHC will accelerate the growth of its flow business, encompassing equipment, spares, maintenance and asset management contracts, and smaller construction and modification projects.

**Organisation and personnel**
Over the last few years, Royal IHC took significant steps to align its organisational structure with the production volume. Of course, people remain at the core of the company’s success and the company has succeeded to retain key personnel in technical and operational disciplines. The shipbuilding industry, particularly in the segment of large, international and complex projects, relies heavily on the expertise of highly skilled professionals, including R&D specialists, engineers, project managers, and execution teams which operate under demanding conditions worldwide.

Royal IHC remains committed to the development and well-being of its employees, investing in education, training, and career opportunities. Additionally, the company continues to collaborate with regional partners to optimise the sharing of resources and expertise.

With the relocation of IHC Systems, the majority of Royal IHC's activities have been concentrated at the Kinderdijk yard in The Netherlands since 2024. The merger of the equipment companies (IHC SAS - Hytop B.V., IHC Services B.V., IHC Systems B.V., IHC SAS Holding B.V., and IHC Dredge Equipment B.V.) into IHC Smit B.V., effective from 1 September 2024, marked a significant step towards streamlining administrative processes. In 2024, the management team was appointed, focussing on enhancing collaboration between the entities and growing the flow business which accounted for the larger part of Royal IHC's business volume in 2024.

The shipyard in Krimpen a/d IJssel (The Netherlands) is a wholly owned project site which was re-opened at the beginning of 2024 for the construction of the megahopper vessel for Boskalis.

The Legal and Compliance departments were merged to establish an integrated approach within the organisation. By maximising synergies between these functions, Royal IHC aims to enhance compliance, strengthen risk management, and at the same time achieve cost efficiencies.

The total FTE count was stable at around 1,719, which compares to the significant growth of almost 50% in activity and revenue in 2024 compared to 2023, strongly enhancing productivity across the company.

**Market developments and projects**

**Dredging**

The dredging market continues to show stable growth despite global geopolitical, economic, and environmental challenges. Geopolitics such as the war in Ukraine, tensions in the Middle East, and extreme weather events continue to create uncertainty, but over the past two years, turnover in the open dredging industry has increased, with major contractors reporting strong revenue growth. Fleet utilisation, particularly for hoppers and cutters, remains high, especially in the Middle East and Far East.

Inflation and economic instability have led to more caution with our clients in recent years – where increased inflation in CAPEX and OPEX have made investments in new dredging vessels more challenging. In 2024, however, IHC Dredging has seen a substantial increase in requests for proposals and orders. Royal IHC's strong order book reflects the confidence placed in our company and its comprehensive range of high-quality solutions.

As of 2023, IHC Dredging offers its customers the option to construct vessels at a partner shipyard abroad. In 2024, Baggerbedrijf de Boer / Dutch Dredging became the first to use this "building abroad" option for the construction of a custom-built 2,300 m³ trailing suction hopper dredger. The project commenced in October 2024, marked by the steel-cutting ceremony at the Nam Trieu Shipyard in Vietnam. In the Netherlands, at the Krimpen a/d IJssel shipyard, the construction of the 31,000 m³ trailing suction hopper dredger for Boskalis has been underway since early 2024. Following the keel-laying in July 2024, the vessel is steadily taking shape, with its launch scheduled timely according to plan for early fourth quarter of 2025.

Royal IHC further showcased its expertise in delivering comprehensive design and equipment packages for customers seeking local construction solutions, whereby construction supervision forms an integral part of the scope. This was highlighted by the signing of a contract with Eastern Shipbuilding Group to provide a medium-class hopper dredger for the US Army Corps of Engineers. This contract encompasses vessel design, engineering, hardware, automation systems, and training. Additionally, the Port of Portland (USA) selected Royal IHC for the concept design and basic engineering of a new cutter suction dredger.

In 2024, the EU Emissions Trading System (EU ETS) saw significant developments which will impact the dredging industry. Although the dredging sector was initially excluded from ETS compliance, the pressure to lower emissions and comply with IMO and other regulations has been increasing. Royal IHC is well prepared, has built up extensive expertise in developing sustainable technologies and has already delivered, for example, a large LNG powered cutter suction dredger (CSD SPARTACUS), as well as several electrically powered CSDs. In 2024, we made significant progress with the development of the first TSHD to run entirely on hydrogen. Rijkswaterstaat awarded IHC Dredging the contract for the design of a 4,200 m³ hydrogen-powered hopper, marking another important step in the industry's transition to zero-emission dredging solutions. Besides methanol-ready ship designs already in production, Royal IHC is now also developing Carbon Capture solutions with clients and partners.

2024 was also a strong year for our standard modular dredgers, with order intake exceeding expectations. Demand for Beaver® cutter suction dredgers remained high in an increasingly competitive market. We welcomed new customers while several existing clients expanded their fleets. Notably, Royal IHC secured its first contract for two Beaver® 50s, equipped with environmentally friendly EPA Tier IV engines.

The contract signed with the Eastern Shipbuilding Group (ESG) for a highly automated, state-of-the-art medium-class hopper dredger for USACE, forms a good example in our journey towards developing autonomous dredging solutions together with our customers. The USACE's new hopper dredger will have a high level of automation on board including the Integrated Forward-Looking Sonar System, Dynamic Positioning and Dynamic Tracking in close concert with Dredging Assist capabilities.

To maintain our leading market position as game changer in the cutter market, research in the area of the mechanical rock excavation process in dredging continues. The Curve Tooth cutter head, developed over the past decade to handle the toughest soils, has delivered impressive test results in 2024, even under the most challenging conditions, as demonstrated by the Suez Canal Authority.

**Offshore Energy**

The energy market continues to be volatile, with conflicts in many parts of the world, geopolitical unrest, and policy changes in climate measures increasing the risk in fossil fuel and green energy investments. Nevertheless, there remains an urgent need for investment in energy infrastructure, encompassing both conventional and sustainable resources.

The market demand for new offshore assets, equipment, and asset services (the field of play for Royal IHC) remains strong. With its global reach, historic achievements, portfolio, and vast array of engineering capabilities, Royal IHC remains the go-to partner for many players in this industry.

2024 continued to see substantial worldwide growth in the offshore wind sector. With installation capacity continuing to be outpaced by growing order books and project backlogs, subsea power cable specialists, including Jan De Nul, Prysmian, NKT, Nexans, Boskalis, and ASSO Subsea, announced significant new investments in vessels, cable factories, and technology. Despite recent developments in the USA, where the new administration seems set to sideline offshore wind development in the immediate term, the sector appears to flourish further, both in the established European market and in developing markets, including Southeast Asia. Exciting longer-term opportunities are also taking shape in the new markets of Canada, South America, and Australia.

The offshore market demand for global subsea fibre optic cables is growing, driven not only by the increasing demand for high-speed internet connectivity but also by the increasing risk of damage to existing infrastructure. The sector saw another year of growth in 2024, continuing a multi-year rally expected to take the market from $13 billion annually in 2022 to $31 billion annually by 2030. This expansion is fuelled by geopolitical factors, a perceived need for enhanced cable security, and preparations for an anticipated boom in capacity demand due to global AI utilisation.

Exemplifying the continued market expansion was a large number of FOCLV (Fibre Optic Cable Lay Vessel) orders and the announcement that META would invest $10bn in Project “Waterworth”, the world's longest subsea fibre optic cable connecting the US east and west coasts via Brazil, South Africa, India, and Australia.

Various new contracts in equipment and asset upgrades (both engineering and execution) were awarded to Royal IHC in 2024, to be used for cable lay, pipe lay, and other offshore applications.

During the year, Royal IHC supported several offshore projects. In China, we moved forward with the delivery and commissioning of pipelaying equipment on a Chinese-built pipelay vessel for Shanghai Salvage Bureau. Meanwhile, in South Korea, we made steady progress in delivering and integrating mission equipment for a new FLNG (Floating Liquefied Natural Gas) facility, reinforcing our commitment to innovation and excellence in the industry.

The year further brought some notable milestones, including the sale of a new-built tensioner to the North Sea (for delivery in 2025), the commissioning of an advanced modular cable lay spread for Boskalis, and the award of a concept study for a cable lay vessel, which may lead to opportunities for a vessel, spread, and subsea vehicle.

In 2023, Caldwell Marine International became the launch customer for a new model of Royal IHC’s four-tracked subsea trencher, the “Amphibious Hi-Traq Jetter”. This vehicle was completed in 2024 and is currently with the client in New Jersey, USA. Additionally, the order from NCTI for a fibre optic repair spread was notable for its IHC UK and India collaboration.

In 2024, Royal IHC was awarded a contract to design, build, and deliver two new cable lay vessels by Malaysian player Optic Marine. These vessels will also be equipped with Royal IHC’s cable lay and burial equipment, including a new-built 3.3m jetting plough, LARS, and a cable lay spread.

Rentals continue to be a growth area for Royal IHC. 2024 saw our cable lay equipment portfolio close to capacity, with the rental to Jan De Nul for the Greenlink project being a notable highlight, along with our provision of mission equipment to both N-Sea and Boskalis.

**Mining**

The global mining market remained under pressure in 2024. The conflict between Ukraine and Russia, as well as the conflicts in Israel and Gaza, kept dominating headlines in Europe. The resulting overall uncertainty kept pushing up precious metal prices, with gold hitting all-time highs in Q4 of 2024. Although the general stock markets had a good year (the S&P 500 was up more than 23%), the mining and minerals markets in Canada and Australia, the two leading markets for the sector, were less successful, with the Canadian up only 2% and the Australian down 19%.

Apart from the armed conflicts, uncertainty was a central theme in 2024. China’s export-driven strategy supported commodity prices early in the year, while India’s election results cast doubt on economic reforms. In the second half, Trump’s tariff rhetoric weighed on market sentiment in the mining and metals industry, contributing to an 11% drop in the Canadian TSX Mining and Metals index in Q4.

For IHC Mining, this uncertainty impacted our business in 2024. Despite being well positioned for a variety of projects, many were faced with delays in decision making. These delays resulted in pending order intake pushing projects into 2025 or beyond. In the mineral sands market (titanium and zircon minerals) projects in Australia for mineral process plants where hit by a relatively weak market, as was a project for a large mining dredger for Africa. The silica sand market also showed weakness, especially with reduced demand from China. This delayed a project for mining dredgers in Southeast Asia. On a positive note, we did see increasing demand for local sourcing of high quality silica sand in India, for the domestic manufacturing of solar panels. This resulted in opportunities for mineral processing solutions for Royal IHC. The diamond market is also facing difficult times, as demand from Chinese consumer market remains subdued and lab-grown diamonds become more affordable. Both put pressure on the companies that are mining diamonds for the jewellery markets. A client in Canada had to decide to postpone its underwater mining project with IHC Mining's underwater mining crawler.

Security of supply of minerals by governments across the globe is of increasing importance in the mining sector. Resource nationalism was seen in different forms, for instance with Chinese firms buying up mineral concentrates for processing in China or American funding supporting projects in their development. Both were observed in the mineral sands market, although the impact for IHC was limited. In the European Union the Critical Raw Materials Act was ratified in 2024, with governments working on policies to meet the Act's objectives. IHC Mining is engaging with several stakeholders acting in the critical raw materials market. It remains early stage, but the overall trend resulting from this legal framework is expected to be beneficial for us. This can also benefit the tailings market. Re-mining and re-processing of tailings storage facilities is seen both as a mitigation of potential environmental and safety hazard and as a new source of (critical) raw materials.

Despite the delays witnessed in the market, the interest in our solutions remains strong. We ended 2024 with a healthy order book and project pipeline. For most of the delayed projects, our preferred position as selected vendor remains in place. During 2024 we secured a contract for an electric mining cutter suction dredger for Quarzwerke. The dredger is designed to mine silica sand at an operation in Poland. In Brazil we sold and delivered a dredger and a booster station for the clean-up activities of the Brumadinho tailings dam failure. For this equipment we also provided operational and maintenance services on site, to support our client in using our equipment sustainably and efficiently.

In 2024 we continued to expand our spares and services business. We sold the first of a large spares package for the new mining dredgers for Kenmare Resources plc. and in Madagascar we assisted another client with renovation services to keep their mining dredger in operation. For an urban mining (recycling) process plant in Belgium we sold engineering services. We continue to expand this market following successful reference operations of IHC's jig technology in two plants in the Netherlands. The deep sea mining market continues to wait for clarity on rules and regulations from the International Seabed Authority (ISA). Our clients expect projects to progress and their ability to finance their operations only when these regulations become clear.

**Defence**

For the third year in a row the conflict in Ukraine continues to drive European nations to ramp up their defence budgets. In response to humanitarian, economic, and military aid needs, numerous EU governments, with Germany at the forefront, have pledged substantial increases in defence spending.

In June 2022, the Dutch Minister of Defence released a defence memorandum titled "A Stronger Netherlands, A Safer Europe". The memorandum announced that the cabinet plans to augment the defence budget by a total of €15 billion between 2022 and 2025. From 2026 onwards, the budget will see a structural increase of €5 billion annually. This marks the largest investment in defence since the Cold War. The Ministry of Defence (MoD) has stated that the escalating global threats and the war in Ukraine underscore the fact that peace and security are not guaranteed.

On September 30th, Naval Group, signed the delivery agreement with the Ministry of Defence for the delivery of four Orka class submarines. Earlier that month on September 10th, the Minister of Economic Affairs signed the Industrial Cooperation Agreement with Naval Group. In this agreement Naval Group committed itself to place orders at Defence related industries in the Netherlands with a value of over € 1 billion. Delivery of the first two submarines is planned for

September 2034. Royal IHC, as one of the main subcontractors of Naval Group, will play a significant role in the construction of modules for the new submarines.

As part of the maintenance of the RNN (Royal Netherlands Navy) fleet, Royal IHC continued in 2024 with dock-related maintenance of two hydrographic vessels, HNLMS (Her Netherlands Majesty's Ship) Snellius and HNLMS Luymes, and the torpedo recovery vessel HNLMS Mercuur. This project is being executed in close cooperation with Neptune Repair. The first ship, HNLMS Luymes, completed her overhaul in February 2024. HNLMS Snellius started her maintenance period in December 2024.

In April 2024 the contract for the design, construction and delivery of six winch and handling systems for the new build frigate, HNLMS Johan de Witt, and HNLMS Karel Doorman was signed. As part of a contract, Royal IHC continued to support the Dutch Command Material and IT agency (COMMIT) by seconding technical staff to the customer's Maritime Systems Division (AMS).

In the wake of the Nord Stream gas pipeline sabotage, the protection of data and power cables, as well as oil and gas production and transport infrastructure, has become a top priority for the government.

An agreement, in the form of a Memorandum of Understanding (MOU) between Royal IHC, Damen OSV and Neptune, has been signed in 2024. This agreement pertains to a programme that is designed to replace ten existing vessels of the RNN by eight new support vessels. Royal IHC's role in this project involves the construction of four seagoing vessels, two of which will be outfitted and commissioned at Royal IHC facilities. Royal IHC's capacity centres will participate in all related elements of the projects. In November 2024 parties started with the design phase. The design contract is anticipated to be awarded in the second quarter of 2025, the execution contract is expected early 2027 with the first delivery scheduled for 2029.

Royal IHC designs, manufactures, and supplies a variety of solutions to protect undersea infrastructure, offering high-quality, reliable equipment for inspection, detection, repair, and mitigation. Therefore, Royal IHC, in close cooperation with Naval Group Belgium, participated in the request for funding from the European Defence Fund to develop a seabed crawler, based on existing technology within Royal IHC, suitable for conducting surveys on the seabed to protect critical underwater infrastructure. The request for the funding was approved and on November 1st 2024, the project started.

**Safety, Health and Environment (SHE)**

Creating a safe place to work where there is no harm to people, assets, and the environment is a matter of leadership and learning from incidents. These aspects form the spearheads of our I-CARE (I Create A Right Environment) Programme and aim to ensure everyone at Royal IHC returns home safe every day.

To put leading by example in practice, Royal IHC implemented Senior Leadership workplace visits in 2024. These visits have the purpose of connecting management with the workforce regarding SHE-related concerns while also identifying areas for improvement. The Senior Leadership Team has completed 117 of these visits throughout 2024. This commitment from Senior Management toward workplace safety issues has resulted in improved safety awareness throughout major parts of the organization and will be continued in 2025.

Additionally, communication on incidents and related lessons learned was improved through monthly updates and shared companywide to promote awareness and lessons learned.

To ensure our SHE-commitments are translated to specific work practices, Royal IHC's SHE Management System was revamped; relevant policies, procedures and work instructions were updated, consolidated and implemented as necessary. More importantly, this content is now available for all Royal IHC colleagues through a user-friendly interface on our internal network. This enables Royal IHC to strive for operational excellence, maintain a central SHE standard and also meet internal and external expectations in this area.

Over the course of 2024, Royal IHC saw a significant improvement in the Total Recordable Incident Frequency (TRIF) when compared to 2023: from 9.0 to 6.7 cases per 1 million working hours. The reporting of minor incidents and safety observations remained consistent. The number of incidents that resulted in Lost Time (8 hours or more) decreased from 17 in 2023 to 15 in 2024. The Lost Time Injury Frequency (LTIF) decreased from 5.3 to 5.0 cases per 1 million working hours. A significant number of lost time injuries were related to lifting activities. In response to this worrying trend, hoisting & lifting has been made a focus area for Royal IHC throughout 2025.

**Financing**

The financing facilities that are in place as of 31 December 2024 are as follows:

| *In thousands of euros* | **Amount** | **Maturity date** | **Amortisation** | **Type** | **Drawn per 31 December 2024** |
|---|---|---|---|---|---|
| Guarantee facilities (senior debt) – Boskalis | 200,000 | 3 June 2025 | Not applicable | Committed | 137,788 |
| Bank guarantee facilities (senior debt) - Covered | 150,000 | 3 June 2025 | Not applicable | Committed | 22,566 |
| Bank guarantee facilities (senior debt) - Uncovered | 100,000 | 3 June 2025 | Not applicable | Committed | 59,138 |
| **Guarantee facilities** | **450,000** | | | | **219,492** |
| Incremental projects facility | 25,000 | 3 June 2025 | Bullet | Committed | - |
| Loan – HAL* | 30,000 | 30 June 2026 | Bullet | Committed | 30,000 |
| Standby facility – HAL* | 32,200 | 30 June 2026 | Bullet | Committed | - |
| **Loan facilities** | **87,200** | | | | **30,000** |

The standby facility originally amounted up to € 50.0 million The third tranche of the standby facility, initially set at € 20.0 million, is contractually reduced to € 2.2 million following the sale of certain assets specified in the loan agreement. This results in a total remaining standby facility of € 32.2 million as of December 2024. In February 2025 € 10.0 million of this standby facility has been drawn.

* The loan and the standby facility are subordinated to the secured creditors.

The Senior Facilities Agreement (SFA) expired on 3 June 2025, as Royal IHC signed a new Guarantee and Financing arrangement on 3 June 2025, replacing the old SFA.

Based on the new arrangement, the facilities as from 3 June 2025 are as follows:

| *In thousands of euros* | **Amount** | **Maturity date*** | **Amortisation** | **Type** |
|---|---|---|---|---|
| Guarantee facilities (senior debt) – Boskalis | 208,000 | 30 September 2025[1] | Not applicable | Committed |
| Bank guarantee facilities (senior debt) - Covered | 150,000 | 3 June 2030 | Not applicable | Committed |
| Bank guarantee facilities (senior debt) - Uncovered | 100,000 | 3 June 2030 | Not applicable | Committed |
| **Guarantee facilities** | **458,000** | | | |

These facilities are provided by ABN AMRO and ING Bank with counter-guarantee from HAL Investments B.V.

In addition to the above, the refinancing includes the following loan facilities:

| *In thousands of euros* | **Amount** | **Maturity date*** | **Amortisation** | **Type** |
|---|---|---|---|---|
| Consortium facility | 20,000 | 3 June 2030 | Bullet | Committed |
| Loan – HAL | 30,000 | 3 June 2030 | Bullet | Committed |
| Standby facility – HAL | 40,000 | 3 June 2030 | Bullet | Committed |
| **Loan facilities** | **90,000** | | | |

* The Loan facilities carry a maturity date of 5 years, linked to the Guarantee facilities which have a 3-year maturity date, with 2 extension options: just before the first and second anniversaries of the signing date on 3 June 2025. As such, the Guarantee facilities are projected to have between 27 and 39 months of remaining maturity throughout, until the maturity runs off towards the expiry date of the facilities in June 2030.

- Consortium facility: In June 2025, IHC secured a consortium facility amounting to €20.0 million from HAL Investments B.V., MerweOord B.V. and D.E.M.E. N.V. which, subject to the above, matures in June 2030.
- Loan - HAL: In June 2023, IHC Group received a loan amounting to €30.0 million from HAL Investments B.V., with an original repayment date set for 2026. Under the amended loan agreement the repayment date of this loan has been extended, subject to the above, until June 2030.
- Standby facility - HAL: The refinancing structure includes a new standby facility of €40.0 million, which matures, subject to the above, in June 2030. The old Standby Facility with three tranches is no longer applicable and the drawn amount of €10.0 million, along with accrued interest and commitment fees related to this standby facility, will be repaid in June 2025.
- The incremental projects facility of €25.0 million included in the old SFA is not part of the refinancing structure and was cancelled at the date the new facilities for bank guarantees became effective.

*Non-recourse project financing*

In November 2024 the gravel dredger DC Orisant and the related non-recourse project financing were sold by selling the shares of the ringfenced special purpose company which owned the vessel. As a consequence of this sale the financing in relation to the vessel was derecognised.

[1] based on the expected launch (float-out) of the vessel.

## Financial

### Revenue and result development

In 2024, revenue increased by 40% to € 436.4 million (2023: € 312.3 million). The external costs increased by 53% to € 262.4 million (2023: € 171.4 million). These expenses represented 60% of revenue, which is an increase of 5% compared with 2023 (55%). Employee expenses increased by € 13.8 million compared with last year, mainly as a result of the use of additional temporary workers to match the increase in the activity level and partly as a result of the collective labour agreement (CAO) wage increases. Employee expenses as a percentage of revenue decreased from 54% to 42%.

The average salary cost per employee was € 89,570 – an increase of 10% compared to 2023. Depreciation and impairment of property, plant and equipment decreased from €11.4 million in 2023 to € 9.7 million in 2024. Amortisation and impairment of intangible assets decreased from € 5.1 million in 2023 to € 4.4 million in 2024. Furthermore, in November 2024 the gravel dredger DC Orisant was sold by selling the shares of the ringfenced special purpose company which owned the vessel. The result of the sale amounts to €10.1 million and is recognised as other income. The 2024 result from operating activities, plus the depreciation and impairment of property, plant and equipment, and amortisation and impairment of intangible assets (EBITDA) was € 1.4 million (€ 31.2 million EBITDA loss in 2023).

### Order book

The order book as of 31 December 2024 stood at € 397.3 million, which is 19% below last year's (€ 483.3 million). Order intake in 2024 came in at € 384.9 million (2023: € 553.8 million). The 2024 amounts do not include an amount of € 213.5 million which relate to orders signed in 2024 (e.g. Vishwa and OMS), but which were not yet effective as of the end of 2024 due to the ongoing refinancing process.

### Working capital

Working capital as at 31 December 2024 was minus € 5.9 million compared to minus € 19.1 million as at 31 December 2023. Fluctuations in working capital are mostly due to the project-related cash flow phasing of the company, as the work in progress is generally pre-financed on a milestone payment schedule by the customer or consortium of financial institutions. Depending on the payment schedule with the customer, and the stage of completion of the projects under construction, the amount of contract assets and contract liabilities, or the amount of trade receivables, may differ substantially.

### Investments

| *In millions of euros* | **2024** | **2023** |
|---|---|---|
| Docks, slipways, dry docks, business premises, floating equipment | 0.4 | 1.0 |
| Plant and machinery | 3.5 | 1.9 |
| Other assets | 0.8 | 0.4 |
| Investments under Construction | 3.9 | - |
| | 8.6 | 3.3 |

**Balance sheet ratios**

| | 31 December 2024 | 31 December 2023 | Difference |
|---|---|---|---|
| Non-current assets | 131.1 | 172.5 | -41.5 |
| Working capital* | -5.9 | -19.1 | 13.2 |
| Disposal group and assets held for sale | - | 1.3 | -1.3 |
| Cash and cash equivalents | 63.3 | 104.6 | -41.3 |
| Net assets* | 188.5 | 259.3 | -70.8 |
| | | | |
| Non-current liabilities* | 79.4 | 118.9 | -39.5 |
| Equity | 109.0 | 140.4 | -31.4 |
| Financing* | 188.5 | 259.3 | -70.8 |
| | | | |
| Current ratio (Current assets/current liabilities)* | 1.25 | 1.37 | |
| Solvency ratio (Total equity/ total assets) | 26% | 28% | |

* Comparative figures have been restated for consistency with the current year's presentation

**Research and development**

In 2024, Royal IHC continued to invest in knowledge and technology-driven R&D, product development, and product maintenance to sustain and enhance our position across various markets. These activities are carried out in multiple areas within the company. The Company implemented an extensive roadmap process for a new Technology Innovation programme 2025-2028. Our specialist in-house R&D institute, IHC Technology, primarily focuses on the utilisation and development of knowledge that can be applied in product development trajectories, as well as for support of commercial IHC activities. The responsibility for order-related innovation and product maintenance lies with the various commercially operating Product Market Groups and Business Units.

Annually, Royal IHC aims to invest approximately 2% of its revenue in activities directed towards innovation. In 2024, a significant portion of our R&D efforts was dedicated to developing applications of alternative fuel systems in our equipment to lower emissions and reduce the impact of operations on the environment. Other areas of focus included data gathering and usage, automation and control including autonomous operation, and improving the operational efficiency of different types of equipment. Royal IHC participates in several (some subsidised) programmes, collaborating on projects with our clients, supply chain partners, scientific organisations, and universities.

**Risk management**

Royal IHC's risk profile is influenced by strong market dynamics and strong competition, resulting in pressure on prices and margins. Royal IHC seeks to manage this through close cooperation with its customers and a thorough understanding of its customers' needs, and by strong contract and project management. Embedding effective risk management into Royal IHC's processes is critical to achieving a balance between mitigating threats and exploiting opportunities. The intention is to integrate this process in a logical, natural and practical way across the organisation.

**Governance and culture**

The Management Board maintains our corporate policies and drives a culture of risk management. Senior management is responsible for embedding our policies and procedures into Royal IHC's business units, as well as fostering a culture in which risks can be identified and escalated if necessary.

The Supervisory Board oversees how the Management Board monitors compliance with IHC Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced.

Royal IHC is committed to maintaining its core values of Commitment, Partnership and Innovation, and the Management Board drives a culture of long-term business continuity that is intrinsically tied to our motto of creating the maritime future, honestly and with integrity. This is not just an ethical choice, but a strategic imperative that ensures our business to thrive in the long run, building a foundation of trust that not only attracts, but also retains customers and talent. Our commitment to doing business ethically is demonstrated through our code of conduct, anti-bribery and corruption policy, sanctions and export controls screening process, third party due diligence procedure and our open and transparent communication, also supported by our SpeakUp line. We expect every member of our team, regardless of their role, to reflect on our values in every action they take and to act accordingly.

Royal IHC provides leadership and onboarding programmes to its management and workforce that continuously draw attention to its core values, codes and regulations, and expected behaviour. In addition, a performance management framework is in place to ensure the translation of Royal IHC's objectives into unit, departmental and personal objectives. These are then measured on a continuous basis by means of reporting on performance indicators, performance reviews and action plans.

**Strategy and objective setting**

The Management Board is responsible for defining a strategic plan. The targets for the top building blocks are cascaded down into the organisation and further definition takes place in the annual cycle of the operational and financial plans. The identification of the main opportunities and threats, as well as the management's reaction on how to handle these, are an integral part of this process.

**Principal risks and uncertainties**

In general, the below main types of risks inherent within the IHC Group's business are identified and monitored. This overview of risks is not exhaustive. There may be other risks which we currently do not consider to be significant but which at a later stage may manifest themselves as such.

***Market, operational and strategic risks***

Royal IHC sells capital goods to a broad base of customers in various markets, which are cyclical in nature and may be affected by the state of the economy and geopolitical risks. Inherently, the order intake is volatile and there are risks regarding the company's supply chain, production and sales processes, and its dependence on a limited number of production sites worldwide. Changes in market conditions, the competitive environment and disruption to production and/or supply chain may have an adverse effect on Royal IHC.

We consider the long-term growth prospects for our markets to be positive, but these can be negatively influenced by factors outside our control, especially for the short and medium term. These factors outside our control include geopolitical developments, such as political instability, trade barriers resulting from sanctions, volatility in the energy and commodities markets, high inflation and calamities.

The company's order intake for high-end integrated products is non-linear and difficult to plan. A flexible, balanced workforce – with insourcing and outsourcing capabilities – is necessary to align capacity with the expected workload. Royal IHC's approach to mitigate utilisation risk following the current non-linear order intake is to develop a more installed base-driven portfolio, with equipment, services, consultancy and engineering orders.

***Human resources risks***

Our people are the cornerstone of our innovation. In the face of tight labour markets, hiring and retaining skilled staff poses challenges for every company. Additionally, technological advancements demand that our workforce continually acquire new skills. For specific strategies to mitigate these risks, we recommend referring to the chapter on ‘Human Resources (HR)’.

***Safety, health and environment risks***

In the maritime sector, the presence of occupational health, safety, and environmental hazards is a constant reality. The key to achieving operational excellence lies in our ability to identify these hazards, evaluate the associated risks, and implement effective mitigation measures. The Safety, Health, and Environment (SHE) discipline plays a crucial role in this process by providing the necessary tools, methods, processes, and systems, as well as offering advice to the Royal IHC business.

The I-CARE (I Create A Right Environment) programme is a strategic initiative aimed at enhancing the safety culture within the organisation. It focuses on two primary areas: Leadership and Learning from Incidents. Senior management plays an active role in both SHE performance and the I-CARE initiatives, demonstrating their commitment to creating a safer and healthier work environment.

***Contract risks***

Royal IHC enters into large-scale, medium- to long-term contracts with its customers and supply chain, which contain significant risks. Assessments are completed by a cross-functional bid team before binding offers are issued, and these are reviewed by the Management Board and, in case of major contracts, the Tender Committee. The assessments cover technical and execution risks, as well as financial, legal, tax, and compliance risks, and the mitigation measures that need to be taken to reduce to acceptable level of residual risk.

***Project risks***

If customer demands are not met, the consequences could be severe, both in the short term (additional costs or liquidated damages) and long term (reputation). Royal IHC seeks to mitigate these risks and is further strengthening its project management and control functions. The risk register is included in the project reports, which are regularly updated by the key project team members and subsequently shared with the Management Team and in case of larger projects with Board members.

Materialised operational and financial risks have resulted in negative results in recent years. Although the current projects are to a large extent de-risked, operational and financial risks cannot be completely eliminated. With the objective of balancing risks and margins in a better way, tight control during the acceptance of projects is now embedded within the Royal IHC’s processes. In combination with operational excellence, these processes should lower future project risks.

***Litigation***

Royal IHC is involved in a number of legal proceedings that are subject to inherent uncertainties. The Company actively monitors and manages legal risks through a combination of internal legal counsel, external legal advisors and comprehensive compliance programmes. Potential litigation matters are assessed regularly, and where appropriate, provisions are recorded if deemed necessary. The Company also maintains insurance coverage to mitigate potential financial exposure arising from claims. While legal proceedings are inherently unpredictable, management believes that it has taken reasonable steps to minimize the impact of such risks on the Company's financial position and operations.

***International compliance risks***

As an international business operating globally, trade compliance is a key area of attention for Royal IHC. Our compliance programme covers customs compliance as well as sanctions and export restrictions, and includes export controls that apply to the export of military and dual-use goods, services and technology.

Where our activities are not managed by Royal IHC's local management, we may use the services of local intermediaries or sales representatives. To help mitigate risks related to the use of local partners, the group has an internal risk management and control system in place, consisting of a third party due diligence procedure, which is supported by specific intermediary third party due diligence policy, a training and awareness programme, and the principles set forth in our Royal IHC Code of Conduct.

All contracts with intermediaries and local sales representatives include a requirement to sign for compliance with anti-bribery and corruption laws and regulations. Questions or concerns about (un)ethical behaviour, suspected misconduct or alleged violation of our code of conduct can be reported via various routes, including management, HR and the Compliance Team or through using the SpeakUp line.

***Fraud risks***

In 2024, Royal IHC conducted an in-depth fraud risk assessment, which was finalized in 2025 and subsequently discussed in the March 2025 audit committee meeting. With the assistance of an external expert, the project team evaluated 75 fraud risk factors and identified five actual fraud risks. After assessing the related controls, the impact of the internal control mechanisms on these fraud risks was determined, allowing Royal IHC to identify the residual risk. As a result, no significant fraud risk factors remained. This marks the initial phase of the comprehensive analysis, which will be continuously refined and expanded.

***IT risks***

Royal IHC depends on the reliability and availability of its software solutions, and worldwide IT infrastructure. The company's IT department has a dedicated team that is responsible for managing the IT landscape, ensuring reliability, business continuity and  maintaining IT security.

To increase employee awareness of security risks, the IT department sends out appropriate alerts, provides guidance on how to act, and addresses vulnerabilities. In addition, the security measures are reviewed for effectiveness by a third party and reported to the Management Board.

Special attention goes out to the activities in the PMG Defence. Where the Security Officer for Corporate IT has a direct line to the CFO, the Security Officer Defence has a direct line to the CEO.

***Interest rate risk and currency risk***

Royal IHC at times enters into financial arrangements to hedge foreign currency transactions and may implement interest rate swaps with the aim of covering risks that derive from normal business activities. The objective is to protect the company against the risk of significant cash flow volatility and potentially negative impact from exchange rate or interest fluctuations.

Royal IHC follows a policy of managing potential exposure to changes in interest rates on loans and borrowings through entering into these instruments on a fixed-rate basis. Where appropriate and applicable, this is done by entering interest rate swaps for loans and borrowings with variable interest rates.

The company is exposed to currency risk on its order book, supply chain and borrowings that are denominated in a currency other than the respective functional currencies of its entities, primarily the euro.. The Company can use forward exchange and insurance contracts, and options to cover its currency risk, generally with a maturity of less than one year. When necessary, forward exchange contracts can be rolled over at maturity.

***Credit risk***

Royal IHC has acceptance procedures and policies for credit risks. Credit checks are performed before the company's standard terms and conditions are offered. When appropriate, credit risk can be covered by obtaining payment security, such as bank guarantees, (confirmed) letters of credit, advance payments, parent company guarantees and/or credit risk insurance.

***Liquidity risk***

In light of business performance and the competitive environment, Royal IHC faces certain financing and liquidity risks. Maintaining up-to-date and accurate accounting records mitigates liquidity risks, as well as managing cash positions by monitoring and maintaining short- and longer term cash flow projections. The Company's core business, through its lumpy character (large orders may create very significant swings in working capital over time), can generate significant volatility in cash projections over a longer period of time. Also, liquidity depends on Royal IHC's results, project performance and the mitigation of the risks mentioned earlier. Based on current short and medium term forecasts, management believes that Royal IHC has sufficient liquidity to manage its business and continue to operate under normal circumstances. We refer to the Outlook paragraph for further information.

***Tax risks***

Tax risks are managed by Royal IHC's tax department, which assists the business units with day-to-day tax questions and issues, manages foreign tax filings and potential risk for projects abroad and ensures together with the Finance department overall compliance with tax rules and regulations.

**Review and revision**

The Management Board has overall responsibility for the risk management and control framework within Royal IHC. The CEO acts as the owner of this framework and is advised by his team, aided by information from the risk management system. The adequacy and effectiveness of the framework are regularly reviewed, considering any changes in external business dynamics, as well as within the company.

**Human resources (HR)**

Our people are deeply committed to technological innovation, designing and building state-of-the-art vessels and equipment – and delivering exceptional services – that enable our customers to improve their operational efficiency and make their activities more sustainable. As such, starting to build vessels again on both our yards in The Netherlands is considered a positive sign, motivating the Dutch teams and generating a positive atmosphere within the organization.

Royal IHC's personnel are highly professional and knowledgeable. The Company aims to create an optimal work environment for our people through competitive remuneration, learning and development opportunities, clear goal setting through performance management reviews, well-established social benefits and a transparent governance structure. At Royal IHC, we want to develop the knowledge and craftsmanship of all employees, recognizing that continued learning and personal development are essential for our organisation to grow. Through cross-functional exposure and training programmes, we promote multiskilling and enable our employees to adapt to changing challenges. We have set up a skills matrix across multiple technical disciplines, which forms the basis for setting up development programmes to improve technical skills in the coming years.

In the context of the Maritime Masterplan and the Yard of the Future, we are also intensifying cooperation in the region to work towards a more regional Technical Education Center to jointly train and develop skilled craftsmen for the future. This also includes new skills in the field of production automation.

Our commitment extends beyond professional development. We prioritize the well-being of our team members and aim for an inclusive environment. Initiatives such as stress management workshops, Diversity and Inclusion survey, flexible work arrangements, and access to mental health resources underscore our commitment to holistic health. Together, we lay the foundation for continued success and a future-proof organization.

**Sustainability**

Royal IHC has a sustainability policy, and acknowledges that many social, governance and environmental topics remain of high importance, especially in light of recent developments on climate, governance legislation regarding the maritime industry and geopolitics developments. The foundation of the company's sustainability strategy is to be a reliable partner for sustainable innovation to its customers and other stakeholders. This is reflected in its ability to provide clean and efficient vessels and equipment, including alternative fuel options (for example LNG, hydrogen and methanol) to help reduce customers' carbon footprints, and prepare for upcoming stricter emissions regulations. Further, the first steps are being taken regarding the circularity of our products. Royal IHC offers operational monitoring, maintenance and retrofit packages and started collecting worn out wear parts and recycling them in a dedicated manner at our foundry, Allard.

In 2022 and 2023 the steps towards our sustainability ambitions were defined, based on the analysis of megatrends, our materiality matrix and sector developments. This resulted in a corporate sustainability roadmap, where we focus in four main themes:

1. sustainable energy and reduced water use
2. reducing emissions of our product portfolio
3. improving circularity and
4. sustainable working conditions and care for local communities.

The domains where Royal IHC is targeting its next steps on sustainability are:

**• Products and services:**

Everything that we design, produce, sell and help to maintain over its entire life cycle. For example, developing efficient, zero-emission and more circular vessels, equipment and services. Furthermore, our efforts to reduce, reuse, recycle, and explore new sustainable business models. We also support our customers (and their customers) with more sustainable products and services to enable them to achieve their sustainability goals.

**• Operations:**

Everything related to how we conduct our business and work together, as well as our offices and how we manufacture our products. From increasing the use of sustainable energy to our efforts to reduce waste, improve production processes, business objectives and incentives. Also to reduce the carbon footprint of our employees and positively impact the communities we are active in. We want to be a company that people are proud to work for, not just because of the products we make, but also because of our culture and how we do business.

**• Supply chain:**

Everything related to our supply chain, suppliers and purchases. The type of equipment and materials we use, where they come from and the sourcing of semi-finished products. Also, all aspects of sustainability that are important for our customers, and how we support them in pursuit of their sustainability goals. We aim to identify and apply more environmentally friendly and socially sustainable alternatives and involve our suppliers to jointly move forward.

These steps are not something we can do alone. It requires cooperation throughout the entire value chain, from our supplier's suppliers to our customers' customers. We believe that we can only achieve our sustainability goals by collaborating within the entire ecosystem. This means that we actively seek out partnerships that will move us closer to our goal of becoming a fully sustainable company.

**Corporate Sustainability Reporting Directive (CSRD)**

In January 2023, the European Union's CSRD guidelines came into effect. In April 2025, the European Parliament voted to postpone the implementation dates for corporate sustainability due diligence and reporting requirements with two years. Consequently, these requirements will now apply to Royal IHC starting in 2027. The CSRD legislation was introduced to enhance transparency regarding companies' sustainability activities and to improve the quality of sustainability information.

To comply with these requirements by the original date of 2025, a targeted project was initiated under the leadership and responsibility of the finance department, in collaboration with the sustainability team. A working group was established to oversee the implementation process, supported by a steering group responsible for making key decisions. This working group includes a few permanent staff members and "sustainability business partners," colleagues selected to represent all aspects of the organization. These partners are actively involved through workshops, surveys, and interviews. Additionally, an experienced implementation partner has been contracted to participate integrally in the working group, bringing valuable knowledge and expertise. The Double Materiality Assessment (DMA) has been completed.

Due to the postponement of the implementation dates, Royal IHC has decided to delay the audit of the DMA, originally planned for 2025. This decision allows Royal IHC to incorporate any new developments or learnings related to CSRD, ensuring that Royal IHC will meet the new implementation date at the required standards. Royal IHC aims to produce reliable and transparent sustainability reports that align with CSRD requirements, ensuring an effective and efficient approach to achieving sustainability goals.

**Outlook**

The Board of Management maintains a positive outlook for our markets, despite the current dynamic and volatile market conditions that introduce significant uncertainty. Markets respond to geopolitical tensions such as the continuing war in Ukraine, introduction of trade restrictions and tariffs by the US and subsequent withdrawals or delays in effectiveness of these and potentially counter-measures introduced by Europe, Asian and other countries which may have an impact on IHC. In addition, increased Chinese competition, inflation and climate change cause uncertainty in our business model. At the same time, the Companies' order book shows a positive trend and the full year forecast is in line with management expectations. The outlook on the basis of current client requests and market feedback remains positive.

Market drivers include the aging fleets of dredging, cable lay and other types of vessels, and the increasing regulations on zero GHG emissions and the upcoming CO2 tax. The replacement and retrofitting of older equipment are expected to accelerate due to rising regulatory pressures and the growing demand for more sustainable vessels.

In line with the trend of governments seeking strategic autonomy, there is an increasing emphasis on enhancing local capacity to boost resilience. This shift is driving demand for vessels, and various countries seek specialist support to build these locally. This development is evident both in the dredging and the offshore wind market.

Based on the current market outlook, order book and the full year forecast, Royal IHC foresees an increase in order intake and improved financial results and cash flows year-on-year, building on 2023 and 2024.

With respect to its order book and financial results, the following risks and uncertainties exist, with the associated potential mitigating actions:[2]

- To return to net profitability, Royal IHC must remain a lean and efficient organisation, and aims at a controlled increase in order intake, characterised by contracts with a healthy risk-reward balance. To achieve this, in addition to the design, engineering and construction of large integrated vessels and mission equipment for large vessels, Royal IHC will continue to work towards growing the order intake from the flow business. Also, in 2024, Royal IHC has signed several contracts to design and build ships at external yards. This approach limits the risks for Royal IHC and allows the company to focus on its strategic strengths: engineering and the supply of high-tech components. Generally, to ensure cost coverage of its installed ship construction facilities and organisation in The Netherlands, profitability remains dependent on winning large orders to ensure capacity utilisation, in combination with a minimum volume of flow business.
- New investments from the IHC group's major (dredging) customers can be negatively impacted by geopolitical and economic developments, potentially negatively affecting the Group's future order intake related to ships or flow business. The Company addresses this situation by keeping in close contact with key customers and markets to anticipate their requirements so that timely action can be taken when required.
- Royal IHC's risk profile is influenced by markets and competition, leading to price and margin pressure. Royal IHC seeks to manage this pressure by adding value to customers, delivering high quality and reliable equipment and meeting client requirements in all project phases.
- Operational risks in (international) projects with lump-sum contracts can have significant financial impact. The IHC group now has controls in place to balance risk and margins when accepting project contracts. This combined with operational excellence and project risk management during execution are expected to further reduce project risks.
- The IHC group prepares liquidity forecasts with sensitivities and scenarios reflecting existing and future risks, including the impact of decreased order intake, lower realized margins and operational issues.
- The most recent liquidity forecast, including downside scenarios based on Company assumptions, shows sufficient liquidity in the forecast period up to December 2026.

Royal IHC has made significant progress in strengthening its financial position and operational resilience. While challenges remain, particularly in returning to sustainable profitability, the steps taken in 2024 have further strengthened confidence in the business. The signing of the refinancing in June 2025 was an important milestone, ensuring required guarantee facilities, extended and additional loan facilities and a new standby facility up to € 40 million are secured until June 2030. In addition, after refinancing the release of blocked cash and cash collateral related to the former Senior Facilities Agreement (SFA) resulted in an increase in available cash of €18 million and the minimum cash requirement in this former SFA of €20 million decreased to €10 million after the refinancing. The Board of Management recognises the Group's ongoing risks and uncertainties. However, the Board believes that the actions taken, together with market developments and stakeholder support as evidenced in the refinancing, provide a solid foundation for the future. The financial statements are therefore prepared on a going concern basis.

[2] *This list is not comprehensive but represents a selection of the most important factors that could possibly affect the Company's outlook.*

Kinderdijk, 5 June 2025

The Board of Management:

D.W. te Bokkel, CEO

B.J. ter Riet, COO

B.J. Dijkstra, CFO

# Financial statements 2024

## Consolidated statement of profit or loss for the year ended 31 December 2024

| (In € 1,000) | Note | 2024 | | 2023 | |
|---|---|---|---|---|---|
| Revenue | 8 | 436,417 | | 312,328 | |
| Other income | 9 | 10,118 | | 2,048 | |
| **Operating income** | | | **446,535** | | **314,376** |
| External costs | | 262,425 | | 171,357 | |
| Employee expenses | 10 | 181,795 | | 167,969 | |
| Depreciation and impairment of property, plant and equipment, right-of-use assets and investment property | 11 / 17 | 9,668 | | 11,430 | |
| Amortisation and impairment of intangible assets | 12 / 19 | 4,356 | | 5,075 | |
| Impairment loss on trade receivables and contract assets | 34 | 568 | | 1,789 | |
| Other expenses | 13 | 387 | | 4,459 | |
| **Operating expenses** | | | **459,199** | | **362,079** |
| **Result from operating activities** | | | **-12,664** | | **-47,703** |
| Finance income | 15 | 2,922 | | 1,287 | |
| Finance expenses | 15 | -18,728 | | -12,700 | |
| **Net finance expenses** | 15 | | **-15,806** | | **-11,413** |
| Share of result of equity accounted investees, net of tax | 20 | | - | | - |
| **Profit/ (loss) before income tax** | | | **-28,470** | | **-59,116** |
| Income tax expense | 16 | | -4,920 | | -4,347 |
| **Profit / (loss) for the period from continuing operations** | | | **-33,390** | | **-63,463** |
| Profit / (loss) from discontinued operations | 7 | | - | | 185,057 |
| **Profit / (loss) for the period** | | | **-33,390** | | **121,594** |
| **Profit / (loss) attributable to:** | | | | | |
| Owners of the Company | | | -33,390 | | 121,594 |
| Non-controlling interests | | | - | | - |
| | | | **-33,390** | | **121,594** |

## Consolidated statement of comprehensive income for the year ended 31 December 2024

| (In € 1,000) | Note | 2024 | 2023 |
|---|---|---|---|
| **Profit / (loss) for the period** | | -33,390 | 121,594 |
| **Other comprehensive income** | | | |
| *Items that will never be reclassified to profit or loss* | | | |
| Effect of revaluation of land | 16/17 | 2,378 | 825 |
| | | 2,378 | 825 |
| *Items that are or may be reclassified to profit or loss* | | | |
| Foreign currency translation differences for foreign operations | | 81 | -2,038 |
| Effective portion changes in fair value of cash flow hedges | | -433 | 153 |
| | | -352 | -1,885 |
| **Other comprehensive income for the period, net of income tax** | | **2,026** | **-1,060** |
| **Total other comprehensive income for the period** | | **-31,364** | **120,534** |
| **Total other comprehensive income attributable to:** | | | |
| Owners of the Company | | **-31,364** | **120,534** |
| Non-controlling interests | | - | - |
| **Total other comprehensive income for the period** | | **-31,364** | **120,534** |

Royal IHC

# Consolidated statement of financial position as at 31 December 2024

(before appropriation of result)

| (In € 1,000) | Note | 31 December 2024 | | 31 December 2023 | |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Property, plant and equipment | 17 | 121,647 | | 158,820 | |
| Investment property | 18 | 1,528 | | 272 | |
| Intangible assets and goodwill | 19 | 5,467 | | 9,457 | |
| Investments in equity accounted investees | 20 | 291 | | 291 | |
| Deferred tax assets | 29 | 1,421 | | 1,858 | |
| Other non-current financial assets | 21 | 703 | | 1,812 | |
| **Non-current assets** | | | **131,057** | | **172,510** |
| Contract assets | 23 | 16,695 | | 46,785 | |
| Inventories | 22 | 90,630 | | 101,828 | |
| Current tax receivables | 31 | 1,572 | | 966 | |
| Trade and other receivables | 24 | 111,252 | | 65,854 | |
| Cash and cash equivalents | 25 | 63,333 | | 104,636 | |
| Assets held for sale | 26 | - | | 1,256 | |
| **Current assets** | | | **283,482** | | **321,325** |
| **Total assets** | | | **414,539** | | **493,835** |
| **Group equity** | | | | | |
| Share capital | 27 | 460,604 | | 460,604 | |
| Share premium reserve | 27 | 72,307 | | 72,307 | |
| Reserves | 27 | -390,463 | | -514,083 | |
| Unappropriated result | 27 | -33,390 | | 121,594 | |
| **Total equity attributable to equity holders of the Company** | | | **109,058** | | **140,422** |
| Non-controlling interests | 35 | | -27 | | -27 |
| **Total group equity** | | | **109,031** | | **140,395** |
| **Liabilities** | | | | | |
| Loans and borrowing | 28 | 37,566 | | 71,993 | |
| Provisions | 32 | 23,812 | | 26,330 | |
| Deferred tax liabilities | 29 | 1,221 | | 1,159 | |
| Other liabilities * | 30 | 16,832 | | 19,430 | |
| **Total non-current liabilities *** | | | **79,431** | | **118,912** |
| Contract liabilities | 23 | 83,096 | | 92,633 | |
| Current portion of loans and borrowings | 28 | - | | 3,100 | |
| Current tax liabilities | 31 | 525 | | 863 | |
| Trade and other payables * | 33 | 135,254 | | 125,956 | |
| Liabilities directly associated with the assets held for sale | 26 | - | | - | |
| Provisions | 32 | 7,202 | | 11,976 | |
| **Total current liabilities *** | | | **226,077** | | **234,528** |
| **Total liabilities** | | | **305,508** | | **353,440** |
| **Total Group equity and liabilities** | | | **414,539** | | **493,835** |

* Comparative figures have been restated for consistency with the current year's presentation

# Consolidated statement of changes in equity for the year ended 31 December 2024

Year ended 31 December 2024

| (In € 1,000) | Share capital | Share premium reserve | Reserves: Currency translation reserve | Hedging reserve | Cost of hedging reserve | Revaluation reserve | Other reserves | Unappro-priated result | Total equity attributable to owners of the Company | Non-control-ling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Balance as at 1 January 2024 | 460,604 | 72,307 | -10,412 | -930 | - | 27,095 | -529,836 | 121,594 | 140,422 | -27 | 140,395 |
| **Total comprehensive income for the period** | | | | | | | | | | | |
| Appropriation of result | - | - | - | - | - | - | 121,594 | -121,594 | - | - | - |
| Result | - | - | - | - | - | - | - | -33,390 | -33,390 | - | -33,390 |
| Revaluation of land | - | - | - | - | - | 2,378 | - | - | 2,378 | - | 2,378 |
| Net effect of sold assets | - | - | - | - | - | - | - | - | - | - | - |
| Effective portion of changes in fair value of cash flow hedges | - | - | - | -433 | - | - | - | - | -433 | - | -433 |
| Foreign currency translation differences for foreign operations | - | - | 81 | - | - | - | - | - | 81 | - | 81 |
| Balance as at 31 December 2024 | 460,604 | 72,307 | -10,331 | -1,363 | - | 29,473 | -408,242 | -33,390 | 109,058 | -27 | 109,031 |

Year ended 31 December 2023

| (In € 1,000) | Share capital | Share premium reserve | Reserves: Currency translation reserve | Hedging reserve | Cost of hedging reserve | Revaluation reserve | Other reserves | Unappro-priated result | Total equity attributable to owners of the Company | Non-control-ling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Balance as at 1 January 2023 | 460,604 | 72,307 | -8,374 | -1,083 | - | 39,784 | -449,430 | -98,424 | 15,384 | -27 | 15,357 |
| **Total comprehensive income for the period** | | | | | | | | | | | |
| Appropriation of result | - | - | - | - | - | - | -98,424 | 98,424 | - | - | - |
| Result | - | - | - | - | - | - | - | 121,594 | 121,594 | - | 121,594 |
| Revaluation of land | - | - | - | - | - | 825 | - | - | 825 | - | 825 |
| Net effect of sold assets | - | - | - | - | - | -13,514 | 18,018 | - | 4,504 | - | 4,504 |
| Effective portion of changes in fair value of cash flow hedges | - | - | - | 153 | - | - | - | - | 153 | - | 153 |
| Foreign currency translation differences for foreign operations | - | - | -2,038 | - | - | - | - | - | -2,038 | - | -2,038 |
| Balance as at 31 December 2023 | 460,604 | 72,307 | -10,412 | -930 | - | 27,095 | -529,836 | 121,594 | 140,422 | -27 | 140,395 |

## Consolidated statement of cash flows for the year ended 31 December 2024

| (In € 1,000) | Note | 2024 | 2023 |
|---|---|---|---|
| **Profit / (loss) for the period** | | **-33,390** | **121,594** |
| | | | |
| *Adjustments for:* | | | |
| Depreciation, amortisation and impairment expenses | 17/18/19 | 14,024 | 16,505 |
| Loss/ (gain) on disposal group held for sale | 26 | - | -185,057 |
| Loss/ (gain) on assets held for sale | | - | -2,066 |
| Loss / (gain) on disposal of group companies | 9 | -10,118 | - |
| Net interest expense | 15 | 15,806 | 11,413 |
| Income tax expense | 16 | 4,920 | 4,347 |
| Changes in provisions | 32 | -7,292 | -13,994 |
| | | -16,050 | -47,258 |
| | | | |
| Interest (paid) / received | | -1,512 | -6,831 |
| Income tax (paid) / received | | -204 | - |
| **Net cash flow generated in operating activities (excluding changes in working capital)** | | **-17,766** | **-54,089** |
| | | | |
| Changes in working capital: | | | |
| - Inventories | 22 | 11,198 | 22,841 |
| - Contracts assets | 23 | 30,090 | -19,282 |
| - Trade and other receivables | 24 | -47,936 | 9,882 |
| - Contract liabilities | 23 | -9,537 | 27,770 |
| - Trade and other payables | 33 | -3,963 | -22,193 |
| **Changes in working capital** | | **-20,148** | **19,018** |
| | | | |
| **Net cash flow used in operating activities** | | **-37,914** | **-35,071** |
| | | | |
| Acquisitions of intangible assets and property, plant and equipment | 17/19 | -9,346 | -3,517 |
| Proceeds from divestments of property, plant and equipment | 17 | - | 212 |
| Proceeds from disposals of group companies, net of cash disposed | 26 | 12,667 | 251,362 |
| Proceeds from disposals of assets held for sale | | - | 24,731 |
| Issue of loans and receivables | | | - |
| Dividends received | | - | 1,301 |
| Proceeds of loans and receivables | | 1,109 | 1,964 |
| **Net cash flow generated from investing activities** | | **4,430** | **276,053** |
| | | | |
| Additions to loans and borrowings | 28 | - | 54,322 |
| Repayment of loans and borrowings | 28 | -3,100 | -214,494 |
| Payment of lease liabilities | 30 | -4,038 | -4,775 |
| **Net cash flow from financing activities** | | **-7,138** | **-164,947** |
| **Net increase / (decrease) in cash and cash equivalents** | | **-40,622** | **76,035** |
| | | | |
| Cash and cash equivalents as at 1 January | | 104,636 | 28,578 |
| Movements in net cash and cash equivalents | | -40,622 | 76,034 |
| Effect of exchange rate fluctuations on cash held | | -681 | 24 |
| **Cash and cash equivalents as at 31 December** | | **63,333** | **104,636** |

## Notes to the consolidated financial statements

### 1. General

Reporting entity and relationship with parent company

Royal IHC ("the Company") constructs specialized equipment and vessels, especially in the dredging, offshore and mining industry. The Company is world market leader in the building of specialist dredging equipment and is domiciled in the Netherlands. The address of the Company's registered office is Smitweg 6, Kinderdijk. The Company is listed under number 24368280 in the Trade Register. The Company is a subsidiary of Stichting Continuiteit IHC and B.V. Finance Continuiteit IHC.

These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interest in associates and jointly controlled entities.

Financial reporting period

These consolidated financial statements cover the year 2024, which ended at the balance sheet date of 31 December 2024.

Going concern

The Board of Management maintains a positive outlook for our markets, despite the current dynamic and volatile market conditions that introduce significant uncertainty. Markets respond to geopolitical tensions such as the continuing war in Ukraine, introduction of trade restrictions and tariffs by the US and subsequent withdrawals or delays in effectiveness of these and potentially counter-measures introduced by Europe, Asian and other countries which may have an impact on IHC. In addition, increased Chinese competition, inflation and climate change cause uncertainty in our business model. At the same time, the Companies' order book shows a positive trend and the full year forecast is in line with management expectations. The outlook on the basis of current client requests and market feedback remains positive.

Market drivers include the aging fleets of dredging, cable lay and other types of vessels, and the increasing regulations on zero GHG emissions and the upcoming CO2 tax. The replacement and retrofitting of older equipment are expected to accelerate due to rising regulatory pressures and the growing demand for more sustainable vessels.

In line with the trend of governments seeking strategic autonomy, there is an increasing emphasis on enhancing local capacity to boost resilience. This shift is driving demand for vessels, and various countries seek specialist support to build these locally. This development is evident both in the dredging and the offshore wind market.

Based on the current market outlook, order book and the full year forecast, Royal IHC foresees an increase in order intake and improved financial results and cash flows year-on-year, building on 2023 and 2024.

With respect to its order book and financial results, the following risks and uncertainties exist, with the associated potential mitigating actions[3]:

- To return to net profitability, Royal IHC must remain a lean and efficient organisation, and aims at a controlled increase in order intake, characterised by contracts with a healthy risk-reward balance. To achieve this, in addition to the design, engineering and construction of large integrated vessels and mission equipment for large vessels, Royal IHC will continue to work towards growing the order intake from the flow business. Also, in 2024, Royal IHC has signed several contracts to design and build ships at external yards. This approach limits the

[3] *This list is not comprehensive but represents a selection of the most important factors that could possibly affect the Company's outlook.*

risks for Royal IHC and allows the company to focus on its strategic strengths: engineering and the supply of high-tech components. Generally, to ensure cost coverage of its installed ship construction facilities and organisation in The Netherlands, profitability remains dependent on winning large orders to ensure capacity utilisation, in combination with a minimum volume of flow business.

- New investments from the IHC group's major (dredging) customers can be negatively impacted by geopolitical and economic developments, potentially negatively affecting the Group's future order intake related to ships or flow business. The Company addresses this situation by keeping in close contact with key customers and markets to anticipate their requirements so that timely action can be taken when required.
- Royal IHC's risk profile is influenced by markets and competition, leading to price and margin pressure. Royal IHC seeks to manage this pressure by adding value to customers, delivering high quality and reliable equipment and meeting client requirements in all project phases.
- Operational risks in (international) projects with lump-sum contracts can have significant financial impact. The IHC group now has controls in place to balance risk and margins when accepting project contracts. This combined with operational excellence and project risk management during execution are expected to further reduce project risks.
- The IHC group prepares liquidity forecasts with sensitivities and scenarios reflecting existing and future risks, including the impact of decreased order intake, lower realized margins and operational issues.
- The most recent liquidity forecast, including downside scenarios based on Company assumptions, shows sufficient liquidity in the forecast period up to December 2026.

Royal IHC has made significant progress in strengthening its financial position and operational resilience. While challenges remain, particularly in returning to sustainable profitability, the steps taken in 2024 have further strengthened confidence in the business. The completion of the refinancing in June 2025 was an important milestone, ensuring required guarantee facilities, extended and additional loan facilities and a new standby facility up to € 40 million are secured until June 2030. In addition, after refinancing the release of blocked cash and cash collateral related to the former Senior Facilities Agreement (SFA) resulted in an increase in available cash of €18 million and the minimum cash requirement in this former SFA of €20 million decreased to €10 million after the refinancing. The Board of Management recognises the Group's ongoing risks and uncertainties. However, the Board of Management believes that the actions taken, together with market developments and stakeholder support as evidenced in the refinancing (refer to footnote 39 Subsequent events), provide a solid foundation for the future. The financial statements are therefore prepared on a going concern basis.

Application of Section 402, Book 2 of the Netherlands Civil Code

The financial information of the Company is included in the consolidated financial statements. For this reason, in accordance with Section 402, Book 2 of the Netherlands Civil Code, the separate statement of profit or loss of the Company exclusively states the share of the result of participating interests after tax and the other income and expenses after tax.

For an appropriate interpretation of these statutory financial statements, the consolidated financial statements of the Company should be read in conjunction with the Company financial statements.

## 2. Basis of preparation

Statement of compliance

The consolidated financial statements of the Company are part of the statutory financial statements of the Company. The Group's financial statements have been prepared in accordance with the International Financial Reporting Standards as endorsed by the European Union (EU-IFRS) and with section 2:362(9) of the Netherlands Civil Code.

The Group's financial statements were authorized for issue by the Board of Management and approved by the Supervisory Board in June 2025.

Basis of measurement

The consolidated financial statements have been prepared on historical cost basis except for the following items, which are measured on an alternative basis on each reporting date:

- derivative financial instruments are measured at fair value;
- non-derivative financial instruments at fair value through the statement of profit and loss (FVTPL) are measured at fair value;
- available-for-sale financial assets are measured at fair value;
- contingent consideration assumed in a business combination is measured at fair value;
- contingent receivable obtained at the sale of a former subsidiary is measured at fair value; and
- land is measured at fair value.

Details of the Group's accounting policies, including changes during the year, are included in notes 5 and 6.

**3. Functional and presentation currency**

The consolidated financial statements are presented in euros unless indicated otherwise, the euro being the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

**4. Use of judgements and estimates**

In preparing these consolidated financial statements, management has made judgements and estimates about the future, that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, incomes and expenses. Actual results may differ from these estimates. The estimates made and the related assumptions are based on management's experience and various other factors that can be considered reasonable under the circumstances. Those estimates and assumptions form the basis for judgments about the carrying values of assets and liabilities that are not readily apparent from other sources.

Estimates and underlying assumptions are reviewed on an ongoing basis and are consistent with the Group's risk management. Revisions to accounting estimates are, if any, recognised prospectively.

a. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following note:

- Note 8 – revenue recognition: whether revenue is recognised over time or at a point in time.

b. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2024 that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities in the next financial year is included in the following notes:

- Note 22 / 23 – measurement of inventories and contract assets and liabilities;
- Note 8 / 23 – assessment on contract modification and assumptions on the expected result on contract assets and liabilities;
- Note 17 – impairment test of tangible fixed assets;
- Note 19 – impairment test of intangible fixed assets and goodwill: key assumptions underlying recoverable amounts, including the recoverability of development costs;
- Note 24 – measurement of trade and other receivables;

- Note 29 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 32 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources; and
- Note 34 – measurement of expected credit loss (ECL) allowance for trade receivables and contract assets: key assumptions in determining the weighted-average loss rate.

*Measurement of fair values*

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

The Group has the following financial instruments carried at fair value, categorised by valuation method:
- Level 2: derivatives.

Further information about the assumptions made in measuring fair values is included in the following notes:
- Note 34 – financial instruments.

## 5. Changes in accounting policies

The Group has consistently applied the accounting policies set out in note 6 to all periods presented in these consolidated financial statements, except for the following change in accounting policies.

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated) and disclosed below. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

**Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants**

The Group has adopted *Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (Amendments to IAS1)* from 1 January 2024. The amendments apply retrospectively. They clarify certain requirements for determining whether a liability should be classified as current or non-current and require new disclosures for non-current loan liabilities that are subject to covenants within 12 months after the reporting period. Management has performed an assessment and determined that the Amendment does not have an impact on the financial statements.

## 6. Material accounting policies

6.1 Basis of preparation
The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

6.2 Basis of consolidation
*Business Combinations*
The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a ‘concentration test’ that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

*Business combinations under common control*
A business combination under common control is a business combination of an entity that is under common control with the acquirer. Such business combinations are also referred to as common control transactions.

Business combinations under common control are accounted for using the ‘book value accounting’ method. Using the ‘book value accounting’ method the assets and liabilities of the acquired entities, as well as their income and expenses, are included in the financial statements of the group as from the acquisition date. The carrying amounts of the assets and liabilities are combined, no revaluation to fair value takes place. In applying the ‘book value accounting’ method the capital of the acquiree is recognised in the share premium reserve as there is no consideration paid.

*Accounting for acquisitions of non-controlling interests*
Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Before 1 January 2010, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

*Subsidiaries*
Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The accounting policies of subsidiaries have been aligned with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

*Non-controlling interests (NCI)*
NCI are initially measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

*Loss of control*
Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

*Interests in equity-accounted investees*
The Group's interests in equity-accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs.

The Group's interests includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

*Transactions eliminated on consolidation*
Intra-group balances and transactions, and any unrealised income and expenses from transactions within the Group are eliminated in preparing the consolidated financial statements. 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.

## 6.3 Foreign currency

*Functional and presentation currency*
Items included in the financial statements of each of the Group's entities are measured in the currency that applies to the primary economic environment in which the Group entity operates (functional currency). The consolidated figures are presented in euros, the Company's functional and presentation currency.

*Foreign currency transactions*
Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance income or expenses.

However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income (OCI):

- an investment in equity securities designated as at fair value through other comprehensive income (FVOCI);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedges are effective.

*Foreign operations*
The assets and liabilities of foreign operations that are denominated in foreign currencies, including goodwill and fair value adjustments arising on acquisition, are translated into euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated into euros at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in OCI, and presented in the translation reserve in equity.

6.4 Financial instruments
*Recognition and initial measurement*

Trade receivables and debt securities issued are initially recognised when they originate. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

*Classification and subsequent measurement*

(i) Financial assets
On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as an asset measured at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as an asset measured at FVTPL:
- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets (see note 34). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

(ii) Financial assets – business model assessment
The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:
- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

(iii) Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest:
For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:
- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

(iv) Financial assets – Subsequent measurement and gains and losses:

Financial assets at FVTPL:
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss. However, see note 34 for derivatives designated as hedging instruments.

Financial assets at amortised cost:
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI:
These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI:
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

(v) Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

See note 34 for financial liabilities designated as hedging instruments.

*Derecognition*

Financial assets
The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

*Derivative financial instruments and hedge accounting*

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. If the Group is involved with hybrid contracts, the Group applies the following with regard to the embedded derivatives in the hybrid contract. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and the following criteria are met:

- the economic characteristics and risk of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivate; and
- the hybrid contract is not measured at fair value with changes in fair value recognised in profit or loss.

If an embedded derivative is separated from the hybrid contract, the host contract is accounted for in accordance with the determined policies for such a contract. The embedded derivative is accounted for in accordance with the Group's principles for the applicable derivatives.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates and certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Hedges directly affected by interest rate benchmark reform:
For the purpose of evaluating whether there is an economic relationship between the hedged item and the hedging instrument, the Group assumes that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

The Group will cease to apply the specific policy for assessing the economic relationship between the hedged item and the hedging instrument (i) to a hedged item or hedging instrument when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the timing and the amount of the interest rate benchmark-based cash flows of the respective item or instrument or (ii) when the hedging relationship is discontinued. For its highly probable assessment of the hedged item, the Group will no longer apply the specific policy when the uncertainty arising from interest rate benchmark reform about the timing and the amount of the interest rate benchmark-based future cash flows of the hedged item is no longer present, or when the hedging relationship is discontinued.

Cash flow hedges:
When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in OCI and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as a cost of hedging and recognised in a costs of hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Net investment hedges:
When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognised in OCI and presented in the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in profit or loss. The amount recognised in OCI is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign operation.

*Share capital*
Ordinary shares:
Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

6.5 Impairment
*Financial instruments and contract assets*
The Group recognises loss allowances for ECLs on:
- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:
- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due and there is no reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

*Measurement of ECLs*
ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

*Credit-impaired financial assets*
At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

*Presentation of allowance for ECL in the statement of financial position*
Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

*Write-off*
The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

*Non-financial assets*
At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (''CGUs''). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 6.6 Property, plant and equipment

*Recognition and measurement*

Land is measured at cost on initial recognition and subsequently at fair value less accumulated impairment losses. The fair value is defined as the estimated amount for which land could be exchanged between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. Disposal costs are not deducted in determining the fair value. The fair value of land is based on appraisals performed by an independent valuator, once every three years, or for recently acquired land, the fair value is based on the cost value.

Any surplus arising on revaluation is recognised in the revaluation reserve in equity except to the extent that the surplus reverses a previous revaluation deficit on the same asset recognised in profit or loss, in which case the credit to that extent is recognised in profit or loss. Any deficit on revaluation is recognised in profit or loss except to the extent that it reverses a previous revaluation surplus on the same asset, in which case the debit to that extent is recognised in the revaluation reserve in equity. The revaluation reserve is transferred to other reserves upon ultimate disposal of the asset.

Other classes of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and directly allocated production overheads, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost of modifications or replacing a component is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of replaced parts is derecognised. All other costs are recognised in the consolidated income statement.

Where an item of property, plant and equipment comprises major components having different useful lives, these components are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in the consolidated income statement.

*Subsequent expenditure*

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

*Depreciation*

Depreciation is calculated to write off the costs of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Land and investments under construction are not depreciated. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The estimated expected useful lives of the asset categories are as follows:

| Category | Period |
|---|---|
| Docks, slipways, business premises | 5 – 30 years |
| Plant and machinery | 5 – 20 years |
| Rental equipment | 3 – 40 years |
| Other operating fixed assets | 4 – 20 years |
| Right-of-use assets | 1 – 30 years |

*Reclassification to investment property*
When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in OCI and presented in the revaluation reserve. Any loss is recognised in profit or loss. However, to the extent that an amount is included in the revaluation surplus for that property, the loss is recognised in OCI and reduces the revaluation surplus within equity.

6.7 Investment property
Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost less accumulated depreciation and accumulated impairment losses. The cost of those assets was determined on 1 January 2006, the date of transition to IFRS, at the fair value at that date as deemed cost.

Depreciation is recognised in the consolidated income statement on a straight-line basis over the expected useful life of the asset and taking into account any residual value. Land is not depreciated. The estimated useful life of investment property consisting of office buildings is 30 years and of dwelling houses 40 years.

6.8 Intangible assets and goodwill
*Recognition and measurement*

Development costs:
Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or software is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised expenditure includes the cost of materials, direct labour, attributable overheads and capitalised borrowing costs. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Software:
Software acquired by the Group is measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimated lives of intangible assets or through the unit of production method based on the usage of the intangible asset.

Trade names:
Trade names refer to the expected values of established brand names at the date of an acquisition. They are measured at cost, being the fair value at acquisition date, less accumulated depreciation and accumulated impairment losses. The fair value is based on an achieved positive recognition and standing for good quality of work expressed at an appropriate arm's length royalty rate taking into account the brand-specific sales and the economic lifetime of the brand name at the date of acquisition.

Customer relations:
Customer relations refer to the expected value of the sales attributable to customer relationships of business combinations at the date of an acquisition. They are measured at cost, being the fair value at acquisition date, less accumulated depreciation and accumulated impairment losses. This amount is based on the sales that are attributable to customer relationships and their associated attrition rates at the date of the acquisition and the future economic benefits associated with the customer relationship that are expected to flow to the Group.

Technology:
Technology refers to the expected value of databases with drawings, calculations and software acquired in business combinations at the date of an acquisition. Technology is measured at cost, being the fair value at acquisition date, which is based on the future economic benefits associated with this technology that will flow to the Group less accumulated depreciation and accumulated impairment losses.

Goodwill:
Goodwill arising on acquisitions of subsidiaries is presented within intangible assets. The measurement of goodwill at initial recognition is described in paragraph 6.2. Subsequently, goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity accounted investee as a whole.

*Subsequent expenditure*
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred.

*Amortisation*
Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Goodwill is not amortised. The estimated useful lives of the asset categories are as follows:

| Category | Period |
|---|---|
| Development costs | 3 - 5 years |
| Software | 5 years |
| Trade names | 7 - 12 years |
| Customer relations | 10 -12 years |
| Technology | 4 - 12 years |

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

## 6.9 Other investments
Other investments are those entities in whose activities the Group holds a minority interest and has no control. These investments are carried at cost and dividends received are recognised in profit or loss when these become due. Accumulated impairment is deducted from the cost value.

## 6.10 Inventories
Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventories is based on the first-in first-out principle and comprises the purchase price and the costs of bringing the inventories into the current location and condition. Spare parts, semi-finished goods and finished goods are measured at directly attributable cost of bringing the inventories into the current state, with indirect production costs being allocated on the basis of normal operating capacity. Provisions for obsolescence or expected losses are recognised as soon as they are foreseeable.

## 6.11 Contract assets & contract liabilities
Reference is made to note 6.19 Revenue.

Royal IHC

6.12 Trade and other receivables

Trade and other receivables are stated initially at fair value and subsequently at amortized cost less credit losses. Amortized cost is determined using the original effective interest rate. Trade and other receivables include prepayments (at historical cost), amongst other cost that are made to obtain a contract for a customer. Such cost are capitalized and amortized over the lifetime of the contract.

6.13 Discontinued operations

A discontinued operation is a component of the Group’s business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

6.14 Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group’s other accounting policies. Impairment losses on initial classification as held-for-sale or held-for-distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

6.15 Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances, deposits with terms of no more than three months. The explanatory notes disclose the extent to which cash and cash equivalents are not freely available as a result of transfer restrictions or other legal restrictions.

6.16 Employee benefits

*Short-term employee benefits*

Short-term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised 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.

*Defined contribution plans*

The Group entered into a multi-employer pension plan for the metal-electro sector (PME) for most of its Dutch entities. This pension plan qualifies as a defined contribution plan (a career-average pension plan). A defined contribution plan is a plan to provide benefits after retirement in which an entity makes fixed contributions to a separate entity, and legally has no constructive obligation to make further contributions. Obligations relating to defined contribution pension plans are charged to the income statement as employee remuneration expenses when the contributions are payable. Contributions paid in advance are presented as assets to the extent that cash repayment or a reduction in future contributions is available.

The Group entered into a number of defined contributions schemes with independently administered funds for some foreign entities. All contributions are recognised as an expense in profit or loss when the obligation to make the payments is incurred.

*Other long-term employee benefits*
The Group's net obligation in respect of long-term employee benefits is the amount of future benefits that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on high quality corporate or government bonds that have maturity dates approximating the terms of the Group's obligations. Remeasurements are recognised in profit or loss in the period which they arise.

*Termination benefits*
Termination benefits are employee benefits provided in exchange for the termination of the employment. A termination benefit is recognised as a liability and an expense when the Company is demonstrably and unconditionally committed to make the payment of the benefit. If the termination is part of a restructuring, the costs of the termination benefits are part of the restructuring provision. See the policy under the heading 'Provisions'.

## 6.17 Provisions
A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

*Restructuring*
A restructuring provision is recognised when at the balance sheet date the entity has a detailed formal plan, and ultimately at the date of preparation of the financial statements a valid expectation of implementation of the plan has been raised in those that will be impacted by the reorganization.

A valid expectation exists when the implementation of the reorganization has been started, or when the main elements of the plan have been announced to those for whom the reorganization will have consequences.

The provision for restructuring costs includes the costs that are directly associated with the restructuring, which are not associated with the ongoing activities of the Company.

*Warranties*
The provision relates to warranties contractually issued on products delivered. The purpose of the provision is to cover expected liabilities arising when products supplied do not meet the agreed quality requirements under normal conditions of use. The additions to the provision relate to completion of construction contracts during the year and are partly offset by the usage of the provision for warranty claims and the reversal of the provision for warranty periods ended. The provision is based on estimates made on the basis of historic warranty data relating to comparable products.

*Other employee benefits*
The provision for other employee benefits concerns compensation payments for long service terms.

*Environmental liabilities*
The provision for environmental liabilities concerns the future clean-up costs for contamination as required by prevailing legislation where actual clean-up has been agreed with the competent authorities. No provision is included in the financial statements for soil pollution at the other sites, which may have to be cleaned up in the very long-term. Due to continuing technological advances as well as possible amendments to legislation and regulations, the amount to be spent on associated future clean-up can only be estimated at present with a high degree of uncertainty.

*Onerous contracts*
A provision for onerous contracts, including contracts with customers, is recognized when the expected benefits to be derived by the Company from a contract are lower than the remaining unavoidable cost of meeting its obligations under the contract.

*Other*
The other provisions relate to a provision for claims and disputes involving the Company and/or its subsidiaries. While these claims and disputes are resisted, some are likely to be settled by negotiation and others are expected to result in litigation.

The claims and disputes against the Group often raise difficult and complex factual and legal issues which are subject to many uncertainties and complexities, including but not limited to the facts and circumstances of each particular claim and dispute, the applicable jurisdiction for the claim or dispute and the differences in applicable law. Management consults with legal counsel and certain other experts on matters related to such claims and disputes. The Group accrues a liability when it is determined that an adverse outcome is more likely than not, and the amount of the loss can be reasonably estimated. If the likelihood of an adverse outcome is reasonably possible or an estimate is not determinable, the matter is disclosed, provided it is material.

The methodology used to determine the amount of the provision requires significant judgements and estimates regarding the costs of settling asserted claims and disputes. Due to the fact that there is limited historical data available, the estimated amount cannot be based upon recent settlement experience for similar types of claims and disputes. Although the outcome of these disputes cannot be predicted with certainty, and these are also contested by the Group, it is expected, based on legal advice, that the disputes will probably have a negative effect on the consolidated financial position. Management is of the opinion that the provision is adequate to resolve the current claims and disputes.

<u>6.18 Trade and other payables</u>
Trade and other payables are recognized initially at fair value and subsequently at (amortized) cost. If the difference between the discounted and nominal value is not material, trade and other payables are stated at cost.

<u>6.19 Revenue</u>
The following is a description about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies under IFRS 15 of the principal activities from which the Group generates its revenue.

*Construction contracts*
Construction projects of the Group generate revenue from developing, building and delivering of vessels and equipment. The duration of the construction projects varies from approximately one month to several years. Contracts are agreements under which the Group and the customer have mutually enforceable rights and obligations. A combination of contracts rarely occurs but contract modifications, such as those related to additional work, are common. Additional work included in the recognition of revenue is based on mutually agreed contract modifications. In most cases such modifications or extended services are not distinct and therefore form part of a single performance obligation that is partially completed at the time of the contract modification. Most often the contracts contain only one performance obligation. Performance obligations are the asset to be constructed for the customer. Revenue recognized is based on contract considerations, including fixed prices and variable prices, possible claims, incentives or liquidated damages. If there is a right to variable remuneration, such as incentive agreements, this is taken into account to the extent that it is highly unlikely that it will be reversed at a later date. Payment terms for construction contracts vary from a small advance payment and the rest of the consideration on delivery to equal instalments over the duration of the contract. In the event that the period between payment and the performance provided, or the other way around, is less than one year, the Group does not adjust the contract consideration for finance components.

Revenue is recognized over time when the customer simultaneously receives and consumes the benefits provided through the Group's performance or when the Group creates or enhances an asset that the customer controls. In addition revenue is recognized over time when the Group creates or enhances an asset which does not have an alternative use to the group and the group has an enforceable right to payment for performance completed to date. The stage of completion is generally assessed on the basis of the cost incurred of the work performed in relation to the expected total costs of the project. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

If the Group has recognized revenue but not issued an invoice, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional, this usually occurs when the Group issues an invoice to the customer.

Almost all contracts include a standard warranty clause to guarantee that the performance obligations comply with the agreed specifications. Based on historical data, the Group recognized a provision for this warranty.

Reference is made to note 6.17 Provisions for loss provisioning on contracts with customers.

*Sale of goods*
Revenue from the sale of goods is recognised when the Group transfers control of the goods to the customer. The transaction price includes the initial amount agreed in the contract plus any variations in contract work, variable considerations or an adjustment for the effects of time value of money. The timing of the transfer varies depending on the individual terms of the contract.

Payment terms for sales of goods contracts vary from a small advance payment and the rest of the consideration on delivery to equal instalments over the duration of the contract.

*Rendering of services*
Revenue from rendering of services is recognised in profit or loss in proportion to the stage of completion of the transaction at reporting date. The stage of completion is generally assessed on the basis of the basis of the cost incurred of the work performed in relation to the expected total costs of the project. When the outcome cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss. Services are billed and paid on a periodic basis.

*Rental contracts*
Revenue from rental contracts is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

6.20 Other income
Other income refers to income not related to the key business activities of the Group, like income from the sale of non-monetary assets and liabilities, exceptional and/or non-recurring items.

Rental income from investment property is recognised as other income in profit or loss on a straight-line basis over the term of the lease.

6.21 Government grants
The Group recognises an unconditional government grant in profit or loss as other income when the grant becomes receivable. Other government grants are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions attached with the grant, and are then recognised in profit or loss as other income.

Grants that compensate the Group (partly) for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised. Grants that (partly) compensate the Group for the cost of an asset are deducted from the cost value of the asset and recognised in profit or loss on a systematic basis over the useful life of the asset.

6.22 External costs
External costs consist of the cost price of the work performed during the reporting period, excluding employee expenses, depreciation, amortisation and impairment. Furthermore, this item includes among other equipment utilization costs, costs of operational leases and external costs for research and development insofar not capitalised.

6.23 Employee expenses
Employee expenses consist of wages and salaries for own personnel and the related social charges and pension costs, including paid and accrued contributions for defined contribution plans.

6.24 Depreciation and amortisation expenses
This comprises the depreciation of property, plant and equipment and the amortisation of intangible assets, and the depreciation of right-of-use assets.

6.25 Finance income and finance expenses
The Group's finance income and finance costs include:
- interest income;
- interest expense;
- significant finance component of sales orders;
- dividend income;
- the net gain or loss on the disposal of investments in debt securities measured at FVOCI;
- the net gain or loss on financial assets at FVTPL;
- the foreign currency gain or loss on financial assets and financial liabilities;
- impairment losses (and reversals) on investments in debt securities carried at amortised cost or FVOCI;
- the gain on the remeasurement to fair value of any pre-existing interest in an acquiree in a business combination;
- the fair value loss on contingent consideration classified as a financial liability;
- hedge ineffectiveness recognised in profit or loss; and
- the reclassification of net gains and losses previously recognised in OCI on cash flow hedges of interest rate risk and foreign currency risk for borrowings.

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:
- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised directly in the consolidated income statement using the effective interest method.

6.26 Share of result of equity accounted investees
This item comprises the share in the result of equity accounted investees after taxation of the associated companies and jointly controlled entities.

6.27 Income tax
The income tax expense comprises current tax and deferred taxes. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Interest and penalties related to income tax, including uncertain tax treatments, are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

*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. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

*Deferred tax*
Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- 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; and
- taxable temporary differences arising on the initial recognition of goodwill.

Temporary differences in relation to a right-of-use asset and a lease liability for a specific lease are regarded as a net package (the lease) for the purpose of recognising deferred tax.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset only if certain criteria are met.

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company 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. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The Company forms a fiscal unity for corporate income tax purposes together with its subsidiaries. Each of the companies recognises the portion of corporate income tax that the relevant company would owe as an independent tax payer, taking into account the allocation of the advantages of the fiscal unity to the various companies.

6.28 Leases

*As a lessee*

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group does not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

*As a lessor*
At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight line basis over the lease term as part of 'revenue'.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

6.29 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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

6.30 Statement of cash flows
The consolidated statement of cash flows is drawn up using the indirect method. Cash is defined as cash and cash equivalents. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

The statement of cash flows distinguishes between operating, investing and financing activities. Interest on long-term financing is recognised as cash from operating activities. Cash flows as a result from acquisitions or divestment of subsidiaries are included in cash flow from investing activities, taking into account the available cash in these subsidiaries. Dividends received from equity accounted investees are also included in cash flow from investing activities. Dividends paid to shareholders and holders of non-controlling interests are recognised as cash flows from financing activities. Cash flow in foreign currencies is converted at exchange rate at the dates of the transactions. Currency exchange differences on cash held are separately shown. Cash flows are shown net of currency exchange differences without cash impact.

6.31 Information per operating segment
Pursuant to IFRS 8.2 the Group does not present information per operating segment.

6.32 Standards issued but not yet effective
A number of new accounting standards are effective for annual reporting periods beginning after 1 January 2024 and earlier application is permitted. However, the group has not early adopted the following new or amended accounting standards in preparing these consolidated financial statements.

**IFRS 18 Presentation and Disclosure in Financial statements**

IFRS 18 will replace IAS 1 Presentation of Financial Statements and applies for annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change.
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.
- Enhanced guidance is provided on how to group information in the financial statements.

In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.

The group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's statement of profit or loss, the statement of cash flows and the additional disclosures required for the MPMs. The group is also assessing the impact on how information is grouped in the financial statements, including for items currently labelled as 'other'.

**Other accounting standards**

The following new and amended standards are not expected to have a material impact on the Group's consolidated financial statements.

- Lack Of Exchangeability (Amendments to IAS 21); and
- Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7).

As the aforementioned amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements, the estimated impact is not further disclosed, quantitatively and/or qualitatively.

## 7. Discontinued operations

In August 2022, management committed to a plan to sell the IQIP group of companies following a strategic decision to focus on the Group's core business. As such, the IQIP group was classified as held for sale in Group's statement of financial position for the year 2022. The sale of IQIP was executed in March 2023. In 2024 no such events and/or discontinued operations have been identified.

***Results of discontinued operations***

| | 2024 | 2023 |
|---|---|---|
| | € 000 | € 000 |
| Revenue | - | 24,094 |
| Operating result | - | 4,448 |
| Finance result | - | -190 |
| **Result from operating activities** | **-** | **4,258** |
| Income tax | - | 8,136 |
| **Result from operating activities, net of tax** | **-** | **12,394** |
| Gain on sale of discontinued operations | - | 172,663 |
| **Results of discontinued operations** | **-** | **185,057** |

***Cash flows of discontinued operations***
In 2023, the profit from discontinued operations was entirely attributable to the owners of the Company. Furthermore, the cash flows in relation to the discontinued operations in 2023 amounted to approximately € 25.0 million from operating activities, minus € 10.0 million to investing activities and nil to financing activities.

***Assets and liabilities of discontinued operations***
The assets and liabilities of discontinued operations amounted to nil per year-end 2023, since the sale of IQIP was executed and completed before year-end 2023.

## 8. Revenue

Revenue of the Group can be specified as follows:

| | 2024 | 2023 |
|---|---|---|
| | € 000 | € 000 |
| Revenue from contracts with customers | 428,567 | 308,522 |
| Revenue from rental contracts | 7,850 | 3,806 |
| | 436,417 | 312,328 |

***Revenue from contracts with customers***

Disaggregation of revenue

| | 2024 | 2023 |
|---|---|---|
| | € 000 | € 000 |
| Major products / service lines: | | |
| Revenue from construction contracts | 254,688 | 194,962 |
| Revenue from sale of goods | 129,832 | 73,769 |
| Revenue from rendering of services | 44,047 | 39,791 |
| | 428,567 | 308,522 |
| Timing of revenue recognition: | | |
| Products and services transferred at a point in time | 142,907 | 88,325 |
| Products and services transferred over time | 285,660 | 220,197 |
| | 428,567 | 308,522 |

## 9. Other income

Other income of the Group can be specified as follows:

| | 2024 | 2023 |
|---|---|---|
| | € 000 | € 000 |
| Gain on sale of assets held for sale | - | 2,048 |
| Gain on sale of (special purpose) group company | 10,118 | - |
| | 10,118 | 2,048 |

In November 2024 the gravel dredger DC Orisant was sold by selling the shares of the (ringfenced special purpose) group company which owned the vessel. The result of the sale is recognised as other income.

## 10. Employee expenses

Employee expenses of the Group can be specified as follows:

| | 2024 | 2023 |
|---|---|---|
| | € 000 | € 000 |
| Wages and salaries | 126,687 | 125,881 |
| Social security costs | 18,440 | 17,306 |
| Pension costs | 13,011 | 12,669 |
| Other employee expenses | 23,657 | 12,113 |
| | 181,795 | 167,969 |

The employee expenses increased as a result of the use of additional temporary workers to match the increase in the activity level in 2024. The number of personnel (full time equivalent) at year-end can be categorised as follows:

| | 2024 | 2023 |
|---|---|---|
| Direct | 1,274 | 1,265 |
| Indirect | 445 | 448 |
| | 1,719 | 1,713 |

The above employee numbers exclude temporary workers for whom expenses are included in other employee expenses.

During 2024, approximately 501 full time equivalent were employed outside of the Netherlands (2023: 509 full time equivalent).

*Pension costs*
Almost all Dutch subsidiaries of Royal IHC take part in the multi-employer plan of the “Metal and Electrical Engineering Industries”, which is a career-average pension plan. Indexation of accrued benefits and rights is conditional. The pension plan is administered by the Pension Fund for the Metal and Electrical Engineering Industry (“PME”). The coverage ratio decreased from 113.3% as at 31 December 2023 to 113.1% as at 31 December 2024. The coverage ratio is based on the average of the last twelve monthly coverage ratios.

The Group is only liable for the annual pension contributions and not for any potential shortfall of the fund. The Group is also not entitled to any surplus in the fund.

## 11. Depreciation and impairment of property, plant and equipment, right-of-use assets and Investment property

Depreciation and impairment of property, plant and equipment, right-of-use assets and Investment property is specified as follows:

| | Note | 2024 | 2023 |
|---|---|---|---|
| | | € 000 | € 000 |
| Depreciation Property, plant and equipment | 17 | 6,822 | 8,871 |
| Depreciation Right-of-use assets | 17 | 3,050 | 2,559 |
| Reversal of impairment Property, plant and equipment | 17 | -204 | |
| Impairment Investment property | 18 | - | - |
| | | 9,668 | 11,430 |
| Presented in Discontinued operations: | | | |
| Depreciation Property, plant and equipment | | - | - |
| Depreciation Right-of-use assets | | - | - |
| | | - | - |
| | | 9,668 | 11,430 |

## 12. Amortisation and impairment of intangible assets

Amortisation and impairment of intangible assets is specified as follows:

| | Note | 2024 | 2023 |
|---|---|---|---|
| | | € 000 | € 000 |
| Amortisation | 19 | 4,000 | 4,829 |
| Impairment | 19 | 356 | 246 |
| | | 4,356 | 5,075 |
| Presented in discontinued operations: | | | |
| Amortisation | | - | - |
| | | 4,356 | 5,075 |

## 13. Other expenses

Other expenses of the Group can be specified as follows:

| | 2024 | 2023 |
|---|---|---|
| | € 000 | € 000 |
| Advisor fees | 387 | 4,459 |
| | 387 | 4,459 |

The 2023 advisor fees are mainly related to services rendered in connection to the financial restructuring plan and the sale of the IQIP group of companies. In 2024 these plans were concluded.

## 14. Research & development expenses and government grants

Research & development expenses, net of grants received, amounted to € 7.5 million (2023: € 8.3 million) and are included in external costs and employee expenses. Together with research & development applied on customer orders and the capitalised development expenses in the balance sheet, the total expenditures of research & development amount to approximately 5% (2023: 6%) of revenues.

The Group has recognised government grants for a total of € 1.4 million in the statement of profit or loss (2023: € 1.0 million) from governmental programmes to encourage research & development, innovation in the shipping industries and education of employees.

### 15. Net finance expense

Net finance expense of the Group can be specified as follows:

| | 2024 | 2023 |
|---|---|---|
| | € 000 | € 000 |
| **Finance income** | | |
| Long term receivables | 57 | 115 |
| Interest income on short-term bank deposits | 2,779 | 919 |
| Net foreign exchange income | - | 253 |
| Other interest income | 86 | - |
| **Finance income** | 2,922 | 1,287 |
| | | |
| **Finance expenses** | | |
| Interest expense on loans and borrowings at amortized cost | -12,666 | -8,803 |
| Order related interest expenses | -2,038 | -2,737 |
| Interest lease liability | -461 | -352 |
| Interest expense on bank overdrafts | -312 | - |
| Net foreign exchange loss | -2,576 | - |
| Transaction costs | - | -641 |
| Unwinding of discount on provisions | - | -41 |
| Other interest expenses | -675 | -126 |
| **Finance expenses** | -18,728 | -12,700 |
| | | |
| **Net finance expense** | -15,806 | -11,413 |

The line item "interest expense on loans and borrowings at amortized cost" includes an amount of €6.4 million (2023: € nil) related to guarantees provided by HAL Investments B.V.

[4] For details on the impact following the refinancing, please refer to Note 39 – Subsequent Events.

## 16. Income tax (expense) / income

Income tax (expense) / income of the Group can be specified as follows:

| | 2024 | 2023 |
|---|---|---|
| | € 000 | € 000 |
| **Current tax (expense) / income** | | |
| Current year | -1,644 | -394 |
| Adjustments prior year | - | - |
| | -1,644 | -394 |
| **Deferred tax (expense) / income** | | |
| Origination and reversal of temporary differences | -3,276 | -3,953 |
| **Income tax (expense) / income** | -4,920 | -4,347 |

### Reconciliation of effective tax rate

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | € 000 | % | € 000 | % |
| Loss before income tax | -28,470 | | -59,116 | |
| Income tax using the Company's domestic tax rate | 7,345 | 25,8 | 15,253 | 25.8 |
| Effect of tax rates in foreign jurisdictions | 405 | 1.4 | 270 | 0.4 |
| Current-year losses for which no deferred tax asset is recognized | -15,302 | -53.7 | -19,870 | -33.6 |
| Tax exempted results from sales of subsidiaries and results from equity accounted investees* | 2,632 | 9.2 | - | - |
| | -4,920 | -17.3 | -4,347 | -7.4 |

* Tax exempted results in 2024 relate to the sale of shares of the special purpose company; see details in Note 9

### Reconciliation other comprehensive income

| | 2024 | | | 2023 | | |
|---|---|---|---|---|---|---|
| | | | € 000 | | | € 000 |
| | Before tax | Tax (expense) benefit | Net of tax | Before tax | Tax (expense) benefit | Net of tax |
| Effect of revaluation of land | 3,170 | -792 | 2,378 | 1,100 | -275 | 825 |
| Foreign currency translation differences for foreign operations including hedge of net investments | 81 | - | 81 | -2,038 | - | -2,038 |
| Effective portion of changes in fair value of cash flow hedges | -545 | 112 | -433 | 204 | -51 | 153 |
| **Total** | 2.706 | -680 | 2,026 | -734 | -326 | -1,060 |

## 17. Property, plant and equipment

| | 2024 | 2023 |
|---|---|---|
| | € 000 | € 000 |
| Property, plant and equipment | 109,603 | 148,418 |
| Right-of-use assets | 12,044 | 10,406 |
| | 121,647 | 158,820 |

### Property, plant and equipment

| | Land | Docks, slipways, business premises | Plant and machinery | Rental equipment | Other operating fixed assets | Investments under construction | Total |
|---|---|---|---|---|---|---|---|
| | € 000 | € 000 | € 000 | € 000 | € 000 | € 000 | € 000 |
| Balance as at 1 January 2024 | | | | | | | |
| Cost | 50,857 | 122,895 | 105,640 | 60,931 | 8,784 | 3,473 | 352,582 |
| Accumulated depreciation and impairment losses | - | -100,170 | -77,380 | -20,533 | -5,358 | -727 | -204,168 |
| Carrying amount | 50,857 | 22,725 | 28,260 | 40,398 | 3,426 | 2,748 | 148,414 |
| Movements 2024 | | | | | | | |
| Additions | - | 413 | 3,496 | 134 | 818 | 3,941 | 8,802 |
| Disposals | - | - | -4 | - | - | - | -4 |
| Depreciation | - | -3,061 | -1,886 | -1,195 | -680 | - | -6,822 |
| Revaluation | 3,374 | - | - | - | - | - | 3,374 |
| Other movements | 23 | 10,975 | -15,209 | 7,641 | -1,222 | -1,983 | 225 |
| Deconsolidation | - | - | - | -44,515 | - | - | -44,515 |
| Effect of movements in exchange rates | - | -26 | 13 | 100 | 42 | - | 129 |
| | 3,397 | 8,301 | -13,590 | -37,835 | -1,042 | 1,958 | -38,811 |
| Balance as at 31 December 2024 | | | | | | | |
| Cost | 54,254 | 108,138 | 82,943 | 5,705 | 20,633 | 4,706 | 276,379 |
| Accumulated depreciation and impairment losses | - | -77,112 | -68,273 | -3,142 | -18,249 | - | -166,776 |
| Carrying amount | 54,254 | 31,026 | 14,670 | 2,563 | 2,384 | 4,706 | 109,603 |

| | Land | Docks, slipways, business premises | Plant and machinery | Rental equipment | Other operating fixed assets | Investments under construction | Total |
|---|---|---|---|---|---|---|---|
| | € 000 | € 000 | € 000 | € 000 | € 000 | € 000 | € 000 |
| Balance as at 1 January 2023 | | | | | | | |
| Cost | 49,757 | 128,992 | 103,246 | 61,191 | 8,480 | 4,302 | 355,968 |
| Accumulated depreciation and impairment losses | - | -103,118 | -74,306 | -19,050 | -4,283 | -727 | -201,484 |
| Carrying amount | 49,757 | 25,874 | 28,940 | 42,141 | 4,197 | 3,575 | 154,484 |
| | | | | | | | |
| Movements 2023 | | | | | | | |
| Additions | - | 1,027 | 1,932 | - | 394 | - | 3,353 |
| Disposals | - | - | -212 | - | | - | -212 |
| Depreciation | - | -3,239 | -3,074 | -1,483 | -1,075 | - | -8,871 |
| Revaluation | 1,100 | - | - | - | - | - | 1,100 |
| Other movements | - | -927 | 678 | -301 | -107 | -827 | -1,484 |
| Effect of movements in exchange rates | - | -10 | -4 | 41 | 17 | - | 44 |
| | 1,100 | -3,149 | -680 | -1,743 | -771 | -827 | -6,070 |
| | | | | | | | |
| Balance as at 31 December 2023 | | | | | | | |
| Cost | 50,857 | 122,895 | 105,640 | 60,931 | 8,784 | 3,475 | 352,582 |
| Accumulated depreciation and impairment losses | - | -100,170 | -77,380 | -20,533 | -5,358 | -727 | -204,168 |
| Carrying amount | 50,857 | 22,725 | 28,260 | 40,398 | 3,426 | 2,748 | 148,414 |

*Land*
In 2024, the total revaluation amounts to € 3.4 million based on taxation from third party expert. The revaluation resulted in a € 3.2 million increase in the revaluation reserve (€ 2.4 million net of income tax) and a reversal of an impairment of € 0.2 million for land which was impaired in prior years.

In 2023, the total revaluation amounts to € 1.1 million and consists of upward revaluations. The revaluation resulted in a € 1.1 million increase in the revaluation reserve (€ 0.8 million net of income tax).

The carrying amount that would have been recognised had the land been carried under the cost model, is € 17.9 million (2023: € 17.7 million).

*Impairments*
The Group has assessed whether any impairment triggers exist for its property, plant and equipment using internal and external sources of information. Based on current market expectations and development of unit and yard results, there are no indications for impairments. The Group has not incurred any impairment loss in 2024 and 2023.

*Other movements*
In 2024 and 2023 assets under construction that were completed during these years were moved to rental equipment and plant and machinery. Furthermore, this line item includes reclassification of assets between the categories.

*Deconsolidation*
In November 2024 the gravel dredger DC Orisant was sold by selling the shares of the ringfenced special purpose company which owned the vessel, resulting in a deconsolidation of the remaining asset value of € 44.5 million. The result of the sale is recognised as other income.

*Operating leases as lessor*
The Group leases out its rental equipment. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Rental income recognised by the Group during 2024 was € 7.9 million (2023: € 3.8 million).

**Right-of-use assets**

| | Business premises | Other leases | Total |
|---|---|---|---|
| | € 000 | € 000 | € 000 |
| Balance as at 1 January 2024 | | | |
| Cost | 16,922 | 2,337 | 19,259 |
| Accumulated depreciation and impairment losses | -7,687 | -1,166 | -8,853 |
| Carrying amount | 9,235 | 1,171 | 10,406 |
| Movements 2024 | | | |
| New leases | 2,334 | 2,990 | 5,324 |
| Changes to current lease contracts | -270 | -494 | -764 |
| Depreciation | -2,710 | -340 | -3,050 |
| Effect on movement in exchange rates | 128 | - | 128 |
| | -518 | 2,156 | 1,638 |
| Balance as at 31 December 2024 | | | |
| Cost | 19,114 | 4,833 | 23,947 |
| Accumulated depreciation and impairment losses | -10,397 | -1,506 | -11,903 |
| Carrying amount | 8,717 | 3,327 | 12,044 |

| | Business premises | Other leases | Total |
|---|---|---|---|
| | € 000 | € 000 | € 000 |
| Balance as at 1 January 2023 | | | |
| Cost | 13,377 | 2,744 | 16,121 |
| Accumulated depreciation | -5,541 | -753 | -6,294 |
| Carrying amount | 7,836 | 1,991 | 9,827 |
| Movements 2023 | | | |
| New leases | 3,081 | - | 3,081 |
| Changes to current lease contracts | 401 | -407 | -6 |
| Depreciation | -2,146 | -413 | -2,559 |
| Effect on movements in exchange rates | 63 | - | 63 |
| | 1,399 | -820 | 579 |
| Balance as at 31 December 2023 | | | |
| Cost | 16,922 | 2,337 | 19,259 |
| Accumulated depreciation | -7,687 | -1,166 | -8,853 |
| Carrying amount | 9,235 | 1,171 | 10,406 |

*Amounts recognized in the profit and loss account*

| | 2024 | 2023 |
|---|---|---|
| | € 000 | € 000 |
| Depreciation right-of-use assets | 3,050 | 2,559 |
| Interest on lease liabilities | 461 | 352 |
| Total in profit and loss account | 3,511 | 2,911 |

*Amounts recognized in statement of cash flow*

| | 2024 | 2023 |
|---|---|---|
| | € 000 | € 000 |
| Total cash outflow for leases under IFRS16 | 4,499 | 5,127 |

Short term and low value leases are included in the relevant operating expenses line.

*Extension options*
Some property leases contain extension options exercisable by the Group up to 6 months before the end of the non-cancellable contract period. Where possible and appropriate, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. Future cash flows when extension options would be exercised are estimated at € 1.3 million (2023: € 1.0 million). The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

**18. Investment property**

| | Real estate and other assets not in use for business activities |
|---|---|
| | € 000 |
| Balance as at 1 January 2023 | 272 |
| Movements 2023 | |
| Reclassification to assets held for sale | - |
| Impairment | - |
| Balance as at 31 December 2023 | 272 |
| Movements 2024 | |
| Reclassification from assets held for sale | 1,256 |
| Impairment | - |
| Balance as at 31 December 2024 | 1,528 |

When the lessee gives notice to the company that they plan to exit the Group owned dwelling houses, the property will be sold. It is not regarded as highly probable that these assets will be sold within one year. The future minimum lease payments under non-cancellable leases amount to € 0.1 million (2023: € 0.1 million).

## 19. Intangible assets and goodwill

| | Development costs | Software | Trade name | Customer relations | Techno-logy | Goodwill | Total |
|---|---|---|---|---|---|---|---|
| | € 000 | € 000 | € 000 | € 000 | € 000 | € 000 | € 000 |
| Balance as at 1 January 2024 | | | | | | | |
| Cost | 17,419 | 52,315 | 6,268 | 2,705 | 22,576 | 7,492 | 108,775 |
| Accumulated amortisation and impairment losses | -16,126 | -48,021 | -6,268 | -2,705 | -22,576 | -3,622 | -99,318 |
| Carrying amount | 1,293 | 4,294 | - | - | - | 3,870 | 9,457 |
| Movements 2024 | | | | | | | |
| Additions | - | 544 | - | - | - | - | 544 |
| Amortisation | -1,082 | -2,918 | - | - | - | - | -4,000 |
| Impairment losses | -176 | - | - | - | - | -180 | -356 |
| Other movements | - | -136 | - | - | - | - | -136 |
| Effect of movements in exchange rates | - | - | - | - | - | -42 | -42 |
| | -1,258 | -2,511 | - | - | - | -222 | -3,990 |
| Balance as at 31 December 2024 | | | | | | | |
| Cost | 17,419 | 48,341 | 6,268 | 2,705 | 22,576 | 4,764 | 102,073 |
| Accumulated amortisation and impairment losses | -17,384 | -46,557 | -6,268 | -2,705 | -22,576 | -1,116 | -96,606 |
| Carrying amount | 35 | 1,784 | - | - | - | 3,648 | 5,467 |

| | Development costs | Software | Trade name | Customer relations | Techno-logy | Goodwill | Total |
|---|---|---|---|---|---|---|---|
| | € 000 | € 000 | € 000 | € 000 | € 000 | € 000 | € 000 |
| Balance as at 1 January 2023 | | | | | | | |
| Cost | 17,566 | 52,145 | 6,268 | 2,705 | 22,576 | 7,480 | 108,740 |
| Accumulated amortisation and impairment losses | -14,735 | -44,337 | -6,268 | -2,705 | -22,576 | -3,622 | -94,243 |
| Carrying amount | 2,831 | 7,808 | - | - | - | 3,858 | 14,497 |
| Movements 2023 | | | | | | | |
| Additions | - | 164 | - | - | - | - | 164 |
| Amortisation | -1,145 | -3,684 | - | - | - | - | -4,829 |
| Impairment losses | -246 | - | - | - | - | - | -246 |
| Other movements | -145 | - | - | - | - | - | -145 |
| Effect of movements in exchange rates | -2 | 6 | - | - | - | 12 | 16 |
| | -1,538 | -3,514 | - | - | - | 12 | -5,040 |
| Balance as at 31 December 2023 | | | | | | | |
| Cost | 17,419 | 52,315 | 6,268 | 2,705 | 22,576 | 7,492 | 108,775 |
| Accumulated amortisation and impairment losses | -16,126 | -48,021 | -6,268 | -2,705 | -22,576 | -3,622 | -99,318 |
| Carrying amount | 1,293 | 4,294 | - | - | - | 3,870 | 9,457 |

*Recoverability of development costs*
The recoverable amounts of the development costs are based on value in use calculations using a discounted cash-flow model. There are no intangible assets where, based on current insights, a reasonably possible adverse change of the forecasted future cash flows and change in relevant assumptions could result in the recoverable amount decreasing to such an extent that this would result in a significant impairment besides the mentioned impairment.

*Impairments Software*
In 2024 the Group incurred an impairment loss of € 0.2 million in 2024 (2023: € 0.2 million) related to development costs.

*Impairment test for cash-generating units containing goodwill*
The following cash generating units contain significant goodwill amounts:

| | 2024 | 2023 |
|---|---|---|
| | € 000 | € 000 |
| IHC Holland | 3,648 | 3,655 |
| Other | - | 215 |
| | 3,648 | 3,870 |

The recoverable amounts of the cash-generating units are based on value in use calculations. The fair value measurement is categorised within Level 3 based on the inputs of the valuation technique used. The starting point for these calculations is cash flow forecasts based on the business plan for the next three years. The forecasts for the following years are assumed to be in line with the last year of the business plan using a growth rate of 0.0%. The forecasted cash flows are discounted against a pre-tax discount rate of 10.9% (2023: 13.6%). These discount rates are derived from the post-tax weighted cost of capital based on external data.

The most important assumptions on which the business plans are based are order book, order intake volume and margin levels. On the basis of current insights, we do not expect a reasonable possible adverse change of the forecasted future cash flows and change in relevant assumptions, which could result in the recoverable amount decreasing to such an extent that this would result in a significant impairment of goodwill.

In 2024 the Group incurred an impairment loss of € 0.2 million (2023: € nil) related to goodwill.

**20. Investments in equity accounted investees**

The Company did not have any joint venture and associates in 2023 and 2024..

*Non-material investments*
As from 4 December 2018 the Group participated in the joint venture DC Orisant C.V. In November 2024 the gravel dredger DC Orisant was sold by selling the shares of the ringfenced special purpose company which owned the vessel. With the sale of the special purpose company the participation of the Company in the joint venture stopped.
The carrying amount of other non-material equity accounted investees amounts to € 0.3 million at year-end 2024 (2023: € 0.3 million). The carrying amount of other non-material joint-ventures amounts to nil. During 2024 and 2023 the Group received no dividends from non-material equity accounted investees.

**21. Other non-current financial assets**

| | 2024 | 2023 |
|---|---|---|
| | € 000 | € 000 |
| Financial assets at amortised costs | 703 | 1,812 |
| | 703 | 1,812 |

## 22. Inventories

| | 2024 | 2023 |
|---|---|---|
| | € 000 | € 000 |
| Raw and auxiliary materials | 30,963 | 23,869 |
| Semi-finished goods and spare parts | 36,808 | 55,179 |
| Finished goods | 22,859 | 22,780 |
| | 90,630 | 101,828 |

In 2024, inventories of € 75.7 million (2023: € 96.0 million) were recognized as an expense during the year and included in 'external costs'.

Provisions for obsolescence or expected losses are recognized as soon as they are foreseeable. The provision is based on estimates made on the basis of historic data. As at 31 December 2024 the write-down of inventories to net realizable value amounted to € 8.7 million (2023: € 10.7 million). The write-down and reversals are included in external costs.

## 23. Contract assets & liabilities

The following table provides information about the contract assets and contract liabilities from contracts with customers.

| | 2024 | 2023 |
|---|---|---|
| | € 000 | € 000 |
| Contract assets | 16,695 | 46,785 |
| Contract liabilities | 83,096 | 92,633 |

*Contract assets*
The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

*Contract liabilities*
The contract liabilities primarily relate to the advance consideration received from customers for construction contracts.

*Order book*
The order book as of 31 December 2024 stood at € 397.3 million, which is 19% below last year's (€ 483.3 million). Order intake in 2024 came in at € 384.9 million (2023: € 553.8 million). The 2024 amounts do not include an amount of € 213.5 million which relate to orders signed in 2024 (e.g. Vishwa and OMS), but which were not yet effective as of the end of 2024 due to the ongoing refinancing process. A consortium of financial institutions has issued bank guarantees for advance payments received.

## 24. Trade and other receivables

| | 2024 | 2023 |
|---|---|---|
| | € 000 | € 000 |
| Trade receivables | 66,833 | 32,309 |
| Derivatives used for hedging | 121 | 45 |
| Costs to obtain contracts | 685 | 1,181 |
| VAT receivable | 11,143 | 6,955 |
| Revenue to be invoiced regarding rental orders | - | 2,887 |
| Prepayments | 16,104 | 17,969 |
| Other receivables | 16,366 | 4,508 |
| | 111,252 | 65,854 |

## 25. Cash and cash equivalents

| | 2024 | 2023 |
|---|---|---|
| | € 000 | € 000 |
| Bank balances and cash | 44,733 | 86,176 |
| Collateralised cash | 18,600 | 18,460 |
| | 63,333 | 104,636 |

The total bank and cash balance consists of cash and short-term bank deposits, which are highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value. The collateralised cash consists of €15.7 million, which is restricted due to a cash covenant, and €2.9 million, which is restricted as collateral for guarantees. These amounts are held in on demand deposits and can be accessed as required[5].

## 26. Disposal groups and assets held for sale

*Investment property*

In 2022 management committed to a plan to sell a dormant location in the Netherlands. The sales agreement was signed in 2023 and final execution of the agreement depends on the approval of local environmental permits. The approval of the local environment permits has been postponed for an expected three years. As a result, the investment property which was classified as asset held for sale has been reclassed to Investment property.

The disposal groups and assets held for sale can be specified as follows:

| | 2024 | 2023 |
|---|---|---|
| | € 000 | € 000 |
| *Assets held for sale* | | |
| Investment property | - | 1,256 |
| Disposal groups and assets held for sale | - | 1,256 |

## 27. Equity

*Share capital*

The Company's issued capital, amounting to € 460.6 million (2023: € 460.6 million), consists of 30,630,399,945 ordinary shares of € 0.01 each and 15,430,000,000 non-voting shares of € 0.01 each.

*Share premium reserve*

Share premium comprises capital contributions from shareholders exceeding the nominal value of the issued shares; it is regarded as paid-up capital. Share premium is distributable free of tax.

*Currency translation reserve*

The currency translation reserve comprises all foreign currency differences arising from the translation of the statements of foreign operations as well as from the translation of liabilities that hedge the Company's net investment in a foreign operation. They are released into profit or loss upon disposal of the investments.

*Hedging reserve*

The hedging reserve comprises the effective portion of the cumulative net movement in the fair value of cash flow hedging instruments (net of income tax) related to hedged transactions that have not yet affected profit or loss.

[5] For details on the impact following the refinancing, please refer to Note 39 – Subsequent Events.

*Cost of hedging reserve*
The cost of hedging reserve reflects gain or loss on the portion excluded from the designated hedging instrument that relates to the forward element of forward contracts. It is initially recognised in OCI and accounted for similarly to gains or losses in the hedging reserve.

*Revaluation reserve*
The revaluation reserve relates to the revaluation of land included in property, plant, equipment. As at 31 December 2024 the revaluation surplus amounts to € 29.5 million (2023: € 27.1 million). The movement in the revaluation surplus can be summarised as follows:

| | 2024 | 2023 |
|---|---|---|
| | Revaluation surplus land | Revaluation surplus land |
| | € 000 | € 000 |
| Balance as at 1 January | 27,095 | 39,784 |
| Changes in 2024: | | |
| Effects of revaluations | 3,170 | 1,100 |
| Net effect of disposal of assets | - | -13,514 |
| Income tax effect | -792 | -275 |
| Revaluation surplus as at 31 December | 29,473 | 27,095 |

The 2023 net effect of disposal of assets is related to the sale of the property, plant and equipment which was classified as assets held for sale.

*Other reserves*
Other reserves consist of additions and distributions in prior years based on profit appropriations and the effects of changes in accounting principles and are at the free disposal of the General Meeting of Shareholders. At year-end 2024 and 2023 the other reserves are not available for distribution. Dividend payments are restricted under bank covenants.

*Unappropriated result*
Unappropriated result represents the loss for the current year that has not yet been appropriated. The Board of Management proposes to deduct the loss from the other reserves.

*Capital management*
The Board's policy is to build and maintain a robust balance sheet and guarantee capacity to further build market confidence in support of the future development of the business. The Board of Management aims to balance risk and return while creating a position which benefits from a strong capital position.

The Senior Facilities Agreement (SFA) matured on 3 June 2025 and was replaced with a new Guarantee and Financing Arrangement on 3 June 2025 [6].

[6] For details on the impact following the refinancing, please refer to Note 39 – Subsequent Events.

## 28. Loans and borrowings

| | 2024 | 2023 |
|---|---|---|
| | € 000 | € 000 |
| **Total loans and borrowings** | | |
| Subordinated loans | 37,566 | 32,253 |
| Construction loans | - | - |
| Loans from financial institutions | - | - |
| Non-recourse project financing | - | 42,840 |
| Other | - | - |
| | 37,566 | 75,093 |
| **Current liabilities** | | |
| Construction loans | - | - |
| Loans from financial institutions | - | - |
| Non-recourse project financing | - | 3,100 |
| Other | - | - |
| | - | 3,100 |
| **Non-current liabilities** | 37,566 | 71,993 |

*Subordinated loans*

HAL Investments B.V. and Royal IHC concluded a subordinated loan of € 30.0 million in June 2023. This loan is subordinated to the secured creditors and was drawn in 2023 and is maturing on the earlier of 30 June 2026 and 45 days after delivery of Boskalis vessel. Interest amounts to 8% per annum and is accrued up to the repayment date.

HAL Investments B.V. and Royal IHC agreed on a standby facility of € 50.0 million (of which € 20.0 million is subordinated to the secured creditors) in October 2023. In February 2025 € 10.0 million of this standby facility has been drawn. This standby facility is maturing on 30 June 2026. Average interest amounts to 10.8% per annum and is accrued up to the repayment date. The facility consists of different tranches, with specific conditions attached to the tranches. Drawing on this standby facility is dependent on meeting certain conditions which mostly relates to the Boskalis contract. The third tranche of initially € 20.0 million is contractually reduced to € 2.2 million following the sale of certain assets specified in the loan agreement[7], hence the total facility as per 31 December 2024 amounts to € 32.2 million.

*Loans from financial institutions*

*Construction loans*

The construction loan facility of € 25.0 million of which € 0.0 million has been drawn in 2024 is obtained from a consortium of banks in order to finance the working capital requirements of standard products. The construction loan is maturing in June 2025.

*Non-recourse project financing*

In November 2024 the gravel dredger DC Orisant and the related non-recourse project financing were sold by selling the shares of the ringfenced special purpose company which owned the vessel. As a consequence of this sale the financing in relation to the vessel was derecognised.

[7] For details on the impact following the refinancing, please refer to Note 39 – Subsequent Events.

| | Loans from financial institutions | Construction loans | Subordin-ated loans | Non-recourse project financing | Other | Total |
|---|---|---|---|---|---|---|
| Balance as at 1 January 2024 | - | - | 32,253 | 42,840 | - | 75,093 |
| *Changes from financing cash flows:* | | | | | | |
| Proceeds from loans and borrowings | - | - | - | - | - | - |
| Repayment of borrowings | - | - | - | -3,100 | | -3,100 |
| | - | - | - | -3,100 | - | -3,100 |
| *Other changes:* | | | | | | |
| Accrued interest | - | - | 5,313 | 926 | - | 6,239 |
| Associated with disposal group company | - | - | - | -40,666 | - | -40,666 |
| | - | - | 5,313 | -39,740 | - | -34,427 |
| Balance as at 31 December 2024 | - | - | 37,566 | - | - | 37,566 |
| Current portion | - | - | - | - | - | - |
| Non-current | - | - | 37,566 | - | - | 37,566 |

| | Loans from financial institutions | Construction loans | Subordin-ated loans | Non-recourse project financing | Other | Total |
|---|---|---|---|---|---|---|
| Balance as at 1 January 2023 | 154,639 | 34,083 | - | 43,892 | 486 | 233,100 |
| *Changes from financing cash flows:* | | | | | | |
| Proceeds from loans and borrowings | 20,021 | 700 | 30,000 | 2,048 | - | 52,769 |
| Repayment of borrowings | -176,825 | -34,783 | - | -3,100 | -486 | -215,194 |
| | -156,804 | -34,083 | 30,000 | -1,052 | -486 | -160,172 |
| *Other changes:* | | | | | | |
| Accrued interest | - | - | 2,253 | - | - | 2,253 |
| Capitalised borrowing costs | 2,165 | - | - | - | - | 2,165 |
| | 2,165 | - | - | - | - | 4,418 |
| Balance as at 31 December 2023 | - | - | 32,253 | 42,840 | - | 75,093 |
| Current portion | - | - | - | 3,100 | - | 3,100 |
| Non-current | - | - | 32,253 | 39,740 | - | 71,993 |

## 29. Deferred tax assets and liabilities

| | As at 1 January 2024 | | Movement in temporary differences during the year | | | As at 31 December 2024 | |
|---|---|---|---|---|---|---|---|
| | Assets | Liabilities | Recognised in income statement | Deconsolidation | OCI / Other | Assets | Liabilities |
| | € 000 | € 000 | € 000 | € 000 | € 000 | € 000 | € 000 |
| Property, plant and equipment | 1,764 | -12,867 | 163 | 4,131 | -1,391 | 1,760 | -9,960 |
| Leasing | 3,153 | -3,153 | 79 | - | 126 | 3,312 | -3,107 |
| Intangibles | - | -99 | - | - | -5 | - | -104 |
| Provisions | 402 | -63 | 166 | - | 127 | 647 | -15 |
| Interest carried forward | 425 | - | - | - | - | 425 | - |
| Fiscal goodwill | 7,661 | - | -3,308 | - | - | 4,353 | - |
| Tax losses carried forward | 3,284 | - | -273 | - | -350 | 2,661 | - |
| Derivatives | 73 | -52 | - | - | 136 | 253 | -96 |
| Other | 171 | - | -103 | - | 3 | 71 | - |
| | 16,933 | -16,234 | -3,276 | 4,131 | -1,354 | 13,482 | -13,282 |
| Offsetting deferred tax assets and liabilities | -15,075 | 15,075 | | | | -12,061 | 12,061 |
| Net carrying amount | 1,858 | -1,159 | | | | 1,421 | -1,221 |

| | As at 1 January 2023 | | Movement in temporary differences during the year | | | As at 31 December 2023 | |
|---|---|---|---|---|---|---|---|
| | Asset | Liability | Recognised in income statement | Reclassification to liabilities directly associated with assets held for sale | OCI / other | Asset | Liability |
| | € 000 | € 000 | € 000 | € 000 | € 000 | € 000 | € 000 |
| Property, plant and equipment | 2,794 | -16,815 | -564 | - | 3,482 | 1,764 | -12,867 |
| Leasing | 3,153 | 3,153 | - | - | - | 3,153 | 3,153 |
| Intangibles | - | -95 | -2 | - | -2 | - | -99 |
| Provisions | 449 | -16 | -79 | - | -15 | 402 | -63 |
| Interest carried forward | 425 | - | - | - | - | 425 | - |
| Fiscal goodwill | 10,968 | - | -3,307 | - | - | 7,661 | - |
| Tax losses carried forward | 1,868 | - | 1,420 | - | -4 | 3,284 | - |
| Derivatives | 95 | -79 | - | - | 5 | 73 | -52 |
| Other | 1,601 | - | -1,420 | - | -10 | 171 | - |
| | 21,353 | -20,158 | -3,952 | - | 3,456 | 16,933 | -16,234 |
| Offsetting deferred tax assets and liabilities | -20,045 | 20,045 | | | | -15,075 | 15,075 |
| Net carrying amount | 1,308 | -113 | | | | 1,858 | -1,159 |

As per 3 June 2020, with the change of ownership of the Group, the Dutch fiscal unit ceased and a new Dutch fiscal unit was formed. As a result of the ending of the previous Dutch fiscal unit several entities are re-valued and fiscal goodwill was recognized. This changed the nature of the tax losses carried forward to fiscal goodwill. The goodwill will be written down over 10 years and lowers the future taxable fiscal result.

*Unrecognised deferred tax assets*
As at 31 December 2024 no deferred tax asset has been recognised in respect of tax losses amounting to € 657.0 million (2023: € 614.4 million) as management believes it is uncertain that this asset will be realised in the foreseeable future.

**30. Other liabilities**

| | 2024 | 2023 |
|---|---|---|
| | € 000 | € 000 |
| Lease liabilities | 9,399 | 7,977 |
| Other taxes and social insurance contributions * | 7,433 | 11,453 |
| | 16,832 | 19,430 |

* Comparative figures have been restated for consistency with the current year's presentation

The other liabilities have a maturity between 1 and 5 years.

Movements in lease liabilities:

| | 2024 | 2023 |
|---|---|---|
| | € 000 | € 000 |
| Balance as at 1 January | 11,242 | 12,221 |
| Changes from financing cash flows: | | |
| Payment of lease liabilities | -4,038 | -4,775 |
| New leases | 5,324 | 3,437 |
| Changes to current lease contracts | -324 | 54 |
| Interest expense | 461 | 478 |
| Changes in foreign exchange rates | 174 | -173 |
| | 12,839 | 11,242 |
| Balance as at 31 December | 12,839 | 11,242 |
| Current portion of lease liabilities | 3,440 | 3,265 |
| | 9,399 | 7,977 |

**31. Current tax assets and liabilities**
The current tax receivable amounting to € 1.6 million and current tax liability amounting to € 0.5 million (2023: receivable € 1.0 million and liability € 0.9 million) relate to income taxes to be received and paid for the reporting period and previous periods.

## 32. Provisions

| | Balance 1 January 2024 | Additions | Usage | Reversals | Exchange differences and other movements | Balance 31 December 2024 | Current |
|---|---|---|---|---|---|---|---|
| | € 000 | € 000 | € 000 | € 000 | € 000 | € 000 | € 000 |
| Warranties | 13,168 | 3,968 | -4,114 | -4,206 | 22 | 8,838 | 4,615 |
| Restructuring | 2,125 | - | -819 | -1,306 | - | - | - |
| Other employee benefits | 919 | 169 | -120 | -60 | 37 | 945 | 31 |
| Environmental liabilities | 835 | - | - | - | - | 835 | - |
| Onerous contracts | 2,834 | 123 | -1,729 | - | 238 | 1,466 | 1,465 |
| Other | 18,425 | - | -518 | -13 | 1,036 | 18,930 | 1,091 |
| | 38,306 | 4,260 | -7,300 | -5,585 | 1,333 | 31,014 | 7,202 |

| | Balance 1 January 2023 | Additions | Usage | Reversals | Exchange differences and other movements | Balance 31 December 2023 | Current |
|---|---|---|---|---|---|---|---|
| | € 000 | € 000 | € 000 | € 000 | € 000 | € 000 | € 000 |
| Warranties | 19,052 | 5,064 | -8,290 | -2,657 | -1 | 13,168 | 5,528 |
| Restructuring | 3,085 | - | -960 | - | - | 2,125 | 2,125 |
| Other employee benefits | 1,028 | 98 | -109 | -138 | 40 | 919 | 32 |
| Environmental liabilities | 835 | - | - | - | - | 835 | - |
| Onerous contracts | 9,752 | 89 | -1,665 | -5,553 | 211 | 2,834 | 2,834 |
| Other | 18,548 | 328 | - | -646 | 195 | 18,425 | 1,457 |
| | 52,300 | 5,579 | -11,024 | -8,994 | 447 | 38,306 | 11,976 |

*Warranties*
The provision relates to warranties contractually issued on products delivered. The purpose of the provision is to cover expected liabilities arising when products supplied do not meet the agreed quality requirements under normal conditions of use. The provision is based on estimates made on the basis of historic warranty data relating to comparable products and includes an estimate for warranty costs for relatively new equipment for which historical data is limitedly available.

*Restructuring*
The provision for restructuring was related to a restructuring plan that was formalised in 2022, which resulted in a reduction of the number of employees. The employees involved were supported in finding new employment outside the Group and were entitled to a redundancy arrangement that was dependent on their salary and years of service with the Group. The Group agreed upon a social plan with the Labor Unions for the employees in the Netherlands. The restructuring has been finalised in 2024.

*Onerous contracts*
As at 31 December 2024 the loss provision for onerous construction contracts with customers amounts to € 1.5 million (as at 31 December 2023: € 2.8 million).

*Other*
The other provision relates to a provision for claims and disputes that includes among other instalments related to a sales transaction cancelled in a prior year. The underlying assets have been included within inventory and the amount of the instalments received from the customer is included within the other provision because amount and timing of the payment is uncertain. Based on the best estimate, the provision is expected to be settled in the next two year.

**33. Trade and other payables**

| | 2024 | 2023 |
|---|---|---|
| | € 000 | € 000 |
| Trade creditors | 43,858 | 30,778 |
| Other taxes and social insurance contributions* | 17,585 | 18,102 |
| Current portion of lease liabilities | 3,440 | 3,265 |
| Staff costs to be paid | 17,758 | 16,169 |
| Payables regarding completed orders | 12,308 | 18,729 |
| Derivatives used for hedging | 406 | 242 |
| Deferred income | 15,790 | 16,730 |
| Other creditors and accruals | 24,109 | 21,941 |
| | 135,254 | 125,956 |

* Comparative figures have been restated for consistency with the current year's presentation

**34. Financial instruments and financial risk management**

Financial instruments accounted for under assets and liabilities are trade debtors, cash and cash equivalents, loans and borrowings, trade and other payables, liabilities and derivatives. The main risks arising from the Group’s financial instruments are credit risk, liquidity risk, interest rate risk and currency risk.

This note presents information about the Group’s exposure to each of the above risks, the Group’s objectives, policies and processes for measuring and managing risk, and the Group’s management of capital. The Board of Management has overall responsibility for the establishment and oversight of the Group’s risk management framework and is responsible for developing and monitoring the Group’s risk management policies.

The Group’s risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group’s activities.

The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Supervisory Board oversees how the Board of Management monitors compliance with the Group’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

*Accounting classification and measurement of fair values*
The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Trade and other receivables and trade and other payables classified as held-for-sale are not included in the table below. Their carrying amount is a reasonable approximation of fair value.

| | 31 December 2024 | | |
|---|---|---|---|
| | Carrying amount | Level 2 | Level 3 |
| | € 000 | € 000 | € 000 |
| *Financial assets measured at fair value* | | | |
| Derivatives used for hedging | 121 | 121 | - |
| *Financial assets not measured at fair value* | | | |
| Loans and receivables | 703 | - | - |
| Trade and other receivables | 99,988 | - | - |
| Cash and cash equivalents | 63,333 | - | - |
| *Financial liabilities measured at fair value* | | | |
| Derivatives used for hedging | -406 | -406 | - |
| *Financial liabilities not measured at fair value* | | | |
| Shareholder loans | -37,566 | - | - |
| Trade and other payables | -43,858 | - | - |
| | 82,315 | -285 | - |

| | 31 December 2023 | | |
|---|---|---|---|
| | Carrying amount | Level 2 | Level 3 |
| | € 000 | € 000 | € 000 |
| *Financial assets measured at fair value* | | | |
| Derivatives used for hedging | 45 | 45 | - |
| *Financial assets not measured at fair value* | | | |
| Loans and receivables | 1,812 | - | - |
| Trade and other receivables | 55,967 | - | - |
| Cash and cash equivalents | 104,636 | - | - |
| *Financial liabilities measured at fair value* | | | |
| Derivatives used for hedging | -242 | -242 | - |
| *Financial liabilities not measured at fair value* | | | |
| Shareholder loans | -32,253 | - | - |
| Non-recourse project financing | -42,840 | - | - |
| Trade and other payables | -30,778 | - | - |
| | 56,347 | -197 | - |

The following table shows the valuation techniques used in measuring level 2 and level 3 fair value, as well as significant unobservable inputs used.

| Type | Valuation technique | Unobservable data | Relationship fair value and unobservable data |
|---|---|---|---|
| Derivatives and interest rate swaps | The fair values are based on bank quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments | Not applicable | Not applicable |

*Credit risk*
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables due from customers.

The Group establishes an allowance for doubtful accounts that represents its estimate of expected losses in respect of trade and other receivables and investments. This allowance is determined by the expected credit loss of the portfolio. The expected credit loss is based on historic defaults and relevant credit risks.

The Group has strict acceptance and risk policies for credit risks. Risks are assessed using information from recognised institutions that provide credit information. Moreover, credit risks are covered by obtaining collateral such as bank guarantees and confirmed letters of credit, credit insurance and advance payments. The Group has established a credit policy under which each new customer's creditworthiness is analysed before the Group's standard payment and delivery terms and conditions are offered. These procedures and the geographical diversity of the customer base reduce the credit risk, as such concentration is not a concern.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

| | 2024 | 2023 |
|---|---|---|
| | € 000 | € 000 |
| Contract assets | 16,695 | 46,785 |
| Other non-current financial assets (excluding derivatives) | 703 | 1,812 |
| Trade debtors | 66,833 | 32,309 |
| Derivatives used for hedging (long-term and short-term) | 121 | 45 |
| Other receivables and prepayments | 33,155 | 23,658 |
| Cash and cash equivalents | 63,333 | 104,636 |
| | 180,840 | 209,245 |

The Group obtained securities for certain trade debtors (e.g. pledges, bank guarantees and parent company guarantees) and the Group considered the credit risk related to these assets to be limited.

At 31 December 2024, the exposure to credit risk for the trade receivables by geographic region was as follows:

| | 2024 | 2023 |
|---|---|---|
| | € 000 | € 000 |
| Netherlands | 28,335 | 9,509 |
| Rest of Europe | 9,176 | 4,823 |
| Asia | 15,224 | 8,634 |
| America's | 10,039 | 5,417 |
| Africa | 3,921 | 3,538 |
| Oceania | 138 | 388 |
| | 66,833 | 32,309 |

The ageing of trade debtors at the reporting date was:

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | Gross Amount | Impairment | Gross Amount | Impairment |
| | € 000 | € 000 | € 000 | € 000 |
| Not past due | 43,746 | - | 15,482 | - |
| Past due 0 - 30 days | 11,020 | - | 6,396 | - |
| Past due 31 - 60 days | 3,796 | - | 3,248 | - |
| Past due more than 60 days | 12,031 | 3,760 | 10,728 | 3,545 |
| Total | 70,593 | 3,760 | 35,854 | 3,545 |

The movement in the allowance for impairment in respect of trade debtors during the year was as follows:

| | 2024 | 2023 |
|---|---|---|
| | € 000 | € 000 |
| As at 1 January | 3,545 | 2,706 |
| Effect of movements in exchange rates | -18 | -17 |
| Addition to the allowance | 778 | 1,849 |
| Allowance used | -353 | -950 |
| Allowance released | -192 | -43 |
| As at 31 December | 3,760 | 3,545 |

The Group considers credit risk on other receivables, derivatives and cash and cash equivalents to be limited. Cash and cash equivalents are only held with large well-known banks with adequate credit ratings.

During the year, the Group recognised an impairment on trade debtors of € 0.1 million (2023: € 1.8 million).

*Liquidity risk*
Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations when they fall due. The Group's approach to managing liquidity is to ensure, as much as possible, that it will have sufficient liquidity to meet its liabilities when due, both under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Under the syndicated bank facility, the Group is required to maintain a minimal level of readily available cash and cash equivalents. The Group manages its cash flow in such a way that the above requirement can be met. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. However, in the business the Group operates in, it has proven to be difficult to forecast liquidity over a longer period. Moreover, Group liquidity is dependent on the achievement of the expected order intake and improvements in Group performance. Over the past years the group's liquidity was seriously affected by COVID-19, an unfavourable commodity market, and operating losses on some legacy projects.

The following are the contractual maturities of financial liabilities, including estimated interest payments. Liabilities directly associated to assets held for sale are not included in the table below.

| Maturities financial liabilities 2024 | Carrying amount | Fair value | Contractual cash flows | 1 year or less | 1 -2 years | 2-5 years | > 5 years |
|---|---|---|---|---|---|---|---|
| | € 000 | € 000 | € 000 | € 000 | € 000 | € 000 | € 000 |
| Loans from financial institutions | - | - | - | - | - | - | - |
| Construction loans | - | - | - | - | - | - | - |
| Subordinated loans | 37,566 | 40,824 | 43,899 | 2,510 | 41,379 | - | - |
| Non-recourse project financing | - | - | - | - | - | - | - |
| Other interest bearing borrowings | - | - | - | - | - | - | - |
| Derivatives | 406 | 406 | 406 | 406 | - | - | - |
| Trade creditors | 43,858 | 43,858 | 43,858 | 43,858 | - | - | - |
| | 81,830 | 85,088 | 88,163 | 46,774 | 41,379 | - | - |

| Maturities financial liabilities 2023 | Carrying Amount | Fair value | Contractual cash flows | 1 year or less | 1-2 years | 2-5 years | > 5 years |
|---|---|---|---|---|---|---|---|
| | € 000 | € 000 | € 000 | € 000 | € 000 | € 000 | € 000 |
| Loans from financial institutions | - | - | - | - | - | - | - |
| Construction loans | - | - | - | - | - | - | - |
| Subordinated loans | 32,253 | 36,491 | 39,410 | - | - | 39,410 | - |
| Non-recourse project financing | 42,840 | 42,942 | 48,867 | 23,051 | - | - | 25,816 |
| Other interest-bearing orrowings | - | - | - | - | - | - | - |
| Derivatives | 242 | 242 | 242 | 242 | - | - | - |
| Trade creditors | 30,778 | 30,778 | 30,778 | 30,778 | - | - | - |
| | 106,113 | 110,453 | 119,297 | 54,071 | - | 39,410 | 25,816 |

The fair value of the loans and borrowings is calculated at a discount rate which is equal to the effective market rates per individual loan. Further information with respect to the bank facilities is included in note 37.

*Market risk*

Market risk is the risk that changes in market prices – e.g. as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by the Board of Management. Generally, the Group seeks to apply hedge accounting to manage volatility in profit or loss.

*Managing interest rate benchmark reform and associated risks*
A fundamental reform of major interest rate benchmarks has been largely completed in key jurisdictions such as the UK and the US, including the replacement of IBORs with nearly risk-free rates. However, in certain other jurisdictions where the Group operates, aspects of the reform remain in progress, and uncertainty over the timing and implementation methods persists. The Group continues to monitor these developments and expects the reform to impact its risk management and hedge accounting where applicable.

*Derivatives*
The Group holds interest rate swaps for risk management purposes which are designated in cash flow hedging relationships. The interest rate swaps have floating legs that are indexed to Euribor. The Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association (ISDA)'s master agreements.

*Interest rate and currency risk*
The Group concludes forward exchange transactions and interest rate instruments with the aim of covering risks that ensue from normal business activities. The central aim of this policy is to protect the Group against risks of the ultimate cash flow being affected negatively by exchange-rate or interest fluctuations The Group's policy is for the critical terms of the forward exchange contracts to align with the hedged item. The Group designates the spot element of forward foreign exchange contracts to hedge its currency risk. The forward elements of forward exchange contracts are excluded from the designation of the hedging instrument and are separately accounted for as a cost of hedging, which is recognised in equity in a cost of hedging reserve.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. If a hedging relationship is directly affected by uncertainty arising from IBOR reform, then the Group assumes for this purpose that the benchmark interest rate is not altered as a result of interest rate benchmark reform.

The Group assesses whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method. In these hedge relationships, the main source of ineffectiveness is changes in the timing of the hedged transactions.

Hedging relationships that are impacted by IBOR reform may experience ineffectiveness because of a timing mismatch between the hedged item and the hedging instrument regarding IBOR transition. For further details, see 'Managing interest rate benchmark reform and associated risks' above.

The net total fair value of outstanding derivative transactions amounts to a liability of approximately € 0.4 million as at 31 December 2024 (31 December 2023: liability of € 0.2 million).

The Group follows a policy of ensuring that its exposure to changes in interest rates on loans and borrowings is on a fixed-rate basis. This is done by entering into interest rate swaps for almost all loans and borrowings with variable interest rates.

The Group is exposed to currency risk on revenues, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities, primarily the euro. At any point in time, the Group covers most foreign currency exposures. The Group uses forward exchange contracts, insurance contracts and options to cover its currency risk, most with a maturity of less than one year from the reporting date. When necessary, forward exchange contracts are rolled over at maturity.

*Exposure to currency risk*
The Group's exposure to foreign currency risk was as follows based on notional amounts:

| | 31 December 2024 | | | | |
|---|---|---|---|---|---|
| | GBP | CNY | USD | BRL | In Euros |
| | in 1,000 | in 1,000 | in 1,000 | in 1,000 | in 1,000 |
| Assets, non-current and current | 17,270 | 136,278 | 6,403 | 132,136 | 65,725 |
| Cash and cash equivalents | 5,572 | 11,040 | 2,690 | 5,349 | 11,629 |
| Current liabilities | -12,737 | -108,920 | -1,300 | -32,279 | -36,103 |
| Loans and Borrowings | -3,529 | - | -5,533 | - | -9,609 |
| Gross balance sheet exposure | 6,576 | 38,398 | 2,260 | 105,206 | 31,642 |
| | | | | | |
| Estimated forecasted sales | 267 | 163,841 | 3,446 | 25,706 | 29,345 |
| Estimated forecasted purchases | -2,869 | -17,991 | -424 | -17,961 | -9,062 |
| Gross exposure | 3,974 | 184,248 | 5,282 | 112,951 | 51,942 |
| | | | | | |
| Forward exchange contracts | 705 | -109,081 | 4,531 | - | -9,205 |
| Net exposure | 4,679 | 75,167 | 9,813 | 112,951 | 42,719 |

| | 31 December 2023 | | | | |
|---|---|---|---|---|---|
| | GBP | CNY | USD | BRL | In Euros |
| | in 1,000 | in 1,000 | in 1,000 | in 1,000 | in 1,000 |
| Assets, non-current and current | 14,518 | 28,756 | 13,453 | 135,775 | 58,078 |
| Cash and cash equivalents | 372 | 14,816 | 2,608 | 2,113 | 5,079 |
| Current liabilities | -8,759 | -6,960 | -8,038 | -53,430 | -28,298 |
| Loans and Borrowings | -3,509 | - | -9,010 | -1,598 | -12,511 |
| Gross balance sheet exposure | 2,622 | 36,612 | -987 | 82,860 | 22,348 |
| | | | | | |
| Estimated forecasted sales | 3,107 | 6,289 | 4,936 | 66,647 | 21,363 |
| Estimated forecasted purchases | -5,799 | -5,402 | -219 | -58,345 | -18,523 |
| Gross exposure | -70 | 37,499 | 3,730 | 91,162 | 25,188 |
| | | | | | |
| Forward exchange contracts | 2,115 | 6,590 | 10,606 | - | 12,890 |
| Net exposure | 2,045 | 44,089 | 14,336 | 91,162 | 38,078 |

The following foreign exchange rates were applied during the year:

| | Average rate | | Reporting date spot rate | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| GBP | 1.1819 | 1.1502 | 1.2086 | 1.1534 |
| CNY | 0.1288 | 0.1309 | 0.1323 | 0.1276 |
| US Dollar | 0.9257 | 0.9524 | 0.9658 | 0.9060 |
| BRL | 0.1716 | 0.1852 | 0.1562 | 0.1876 |

*Sensitivity analysis*
The modest magnitude of transactions in foreign currency and the risk policies result in a limited impact on the Group's net profit for the period. A 10% rise or fall of the most important currency rates would only have modest impact on the consolidated profit. In the longer term however, the Group's order intake and revenues could potentially be affected by currency rate movements. As at 31 December 2024 it is estimated that a general increase of one percentage point in interest rates would have a modest effect on the Group's pre-tax profit in 2024. As last year, the analyses are based on

foreign exchange rate variances and interest rate variances that the Group considered to be reasonably possible at reporting date. The analyses assume that all other variables remain constant and ignore any impact of forecasted revenues and purchases.

**35. Non-controlling interests**

The following table summarizes the information relating to each of the Group's subsidiaries that has material non-controlling interest, before any intra-group eliminations:

| 31 December 2024<br>*Amounts in € 000* | Non material non-controlling interests | **Total** |
|---|---|---|
| Non-controlling interest percentage | | |
| Non-current assets | - | - |
| Current assets | 55 | 55 |
| Non-current liabilities | -648 | -648 |
| Current liabilities | 63 | 63 |
| **Net assets** | -530 | -530 |
| *Carrying amount of non-controlling interest* | -27 | -27 |
| Revenue | - | - |
| Profit | 2 | 2 |
| **Total comprehensive income** | 2 | 2 |
| *Profit allocated to non-controlling interest* | - | - |
| *Other comprehensive income allocated to non-controlling interest* | - | - |
| Cash flows from operating activities | - | - |
| Cash flows from investing activities | - | - |
| Cash flows from financing activities | - | - |
| **Net increase (decrease) in cash and cash equivalents** | - | - |

**36. Leases**

The Group has lease contracts for buildings, business premises and other assets. The lease period for these contracts varies from 1 to 40 years, in certain cases, mainly relating to rent of buildings and business premises with extension options. Right-of-use assets related to leased properties are presented as property, plant and equipment (disclosed in note 17).

**37. Commitments and contingent liabilities**

*Long-term rental and lease agreements*

The Group leases buildings and company cars with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

The financial obligations arising from these short-term leases and/or leases of low-value items are:

| | <1 year<br>€ 000 | 1-5 years<br>€ 000 | > 5 years<br>€ 000 | **2024 Total**<br>**€ 000** | 2023 Total<br>€ 000 |
|---|---|---|---|---|---|
| Operational lease & rent | 672 | 1,523 | - | **2,195** | 834 |

Total expenses in 2024 relating to short-term and/or leases of low-value items amounted to € 1.0 million (2023: € 1.6 million).

*Legal*
The Company and its subsidiaries are involved in some legal proceedings. Based on information currently available and legal opinion, the Group believes that the outcome of these legal proceedings will either have no significant adverse effect or that any possible adverse effects are adequately reflected in provisions.

*Agent payments*
A case was brought to the attention of Royal IHC in September 2020 related to contractual fees that Royal IHC paid its Brazilian agent over a decade ago. Part of the arrangements with the agent were a split in payments between Brazil and a bank account in the Cayman Islands, as contractually instructed by the agent. In 2020, Royal IHC has reported that an investigation was conducted by external experts on this transaction. The conclusion was that the procedures performed and information available to the company did not indicate legally culpable wrong-doing on the part of Royal IHC regarding this contract. Royal IHC is awaiting the decision of the Dutch Public Prosecutions Office as to whether it wants to proceed with its investigation.

*Other*
Almost all Dutch subsidiaries of the Group are part of the fiscal unity of the Company and on this basis are jointly and severally liable for the tax obligations of the fiscal unity as a whole. The tax is settled in current account with the subsidiaries.

*Bank Facility: guarantees issued and securities*

The financing facilities that are currently in place as of 31 December 2024 are as follows[8]:

| *In thousands of euros* | **Amount** | **Maturity date** | **Amortisation** | **Type** | **Drawn per 31 December 2024** |
|---|---|---|---|---|---|
| Guarantee facilities (senior debt) – Boskalis | 200,000 | 3 June 2025 | Not applicable | Committed | 137,788 |
| Bank guarantee facilities (senior debt) - Covered | 150,000 | 3 June 2025 | Not applicable | Committed | 22,566 |
| Bank guarantee facilities (senior debt) - Uncovered | 100,000 | 3 June 2025 | Not applicable | Committed | 59,138 |
| **Guarantee facilities** | **450,000** | | | | **219,492** |
| Incremental projects facility | 25,000 | 3 June 2025 | Bullet | Committed | - |
| Loan – HAL * | 30,000 | 30 June 2026 | Bullet | Committed | 30,000 |
| Standby facility – HAL* | 32,200 | 30 June 2026 | Bullet | Committed | - |
| **Loan facilities** | **87,200** | | | | **30,000** |

The standby facility originally amounted up to € 50.0 million The third tranche of the standby facility, initially set at € 20.0 million, is contractually reduced to € 2.2 million following the sale of certain assets specified in the loan agreement. This results in a total remaining standby facility of € 32.2 million as of December 2024. In February 2025 € 10.0 million of this standby facility has been drawn.

* The loan and the standby facility are subordinated to the secured creditors.

[8] For details on the impact following the refinancing, please refer to Note 39 – Subsequent Events.

**38. Related parties**

*Subsidiaries*

Transactions between Royal IHC and its subsidiaries have been eliminated on consolidation and have not been disclosed separately.

*Other related entities*

*Management*

The only key management officers qualifying as related parties are the members of the Board of Management and the members of the Supervisory Board. The remuneration of the Board of Management and the Supervisory Board is as follows:

| | Board of Management | | Supervisory Board | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | € 000 | € 000 | € 000 | € 000 |
| Short-term benefits | 894 | 1,382 | 383 | 343 |
| Termination benefits | - | 318 | - | - |
| Post-employment benefits | 48 | 87 | - | - |
| Total | 942 | 1,787 | 383 | 343 |

The Management Board's remuneration includes a variable long-term incentive related to the establishment of a sustainable business model, with a clear strategy, supported by the right organization. This LTI remains at the discretion of the Supervisory Board, who will assess the members of the Management Board's performance against the contractual performance criteria between Q4 2026 and Q1 2027.

There are no loans, guarantees or obligations towards or on behalf of the members of the Board of Management or the Supervisory Board.

**39. Subsequent events**

- In March 2025, an effective Design & Components contract with the Eastern Shipbuilding Group (ESG) for a Beagle 10 for the Dutra Group with a value of €58.4 million.
- In April 2025, an effective pre-works agreement was established with OMS Group for engineering and long lead items, valued at €24.1 million.

*Refinancing*

As of 3 June 2025, the new Guarantee and Financing Arrangement has been signed and agreed upon by all relevant stakeholders. Following completion of last condition precedents, which represent standard formalities and other corporate and security documentation, the new Guarantee and Financing Arrangement became available for the issue of bank guarantees as of 5 June 2025.

The refinancing enables:

- Counter-guarantees for existing bank guarantee providers who provided bank guarantees for IHC customers,
- Future bank guarantees for IHC customers, and
- A more stable capital structure through a new consortium facility loan, an extension of the HAL loan, and a new HAL standby facility.

With the completion of the refinancing process the existing SFA is nullified resulting in the release of €18.2 million blocked cash and cash collateral and a decrease of the minimum cash requirement from €20.0 million to €10.0 million.

Based on the new Guarantee and Financing Arrangement, the facilities as from 3 June 2025 are as follows:

| *In thousands of euros* | **Amount** | **Maturity date*** | **Amortisation** | **Type** | **Drawn per 3 June 2025** |
|---|---|---|---|---|---|
| Guarantee facilities (senior debt) – Boskalis | 208,000 | 30 September 2025[9] | N/A | Committed | 194,613 |
| Bank guarantee facilities (senior debt) - Covered | 150,000 | 3 June 2030 | N/A | Committed | 17,787 |
| Bank guarantee facilities (senior debt) - Uncovered | 100,000 | 3 June 2030 | N/A | Committed | 51,195 |
| **Guarantee facilities** | **458,000** | | | | **263,595** |

These facilities are provided by ABN AMRO and ING Bank with counter-guarantee from HAL Investments B.V.

The Dutch State has provided a 50% counter-guarantee to HAL Investments for the €100.0 million guarantee and €40.0 million HAL standby facility to IHC. IHC has signed several agreements with HAL Investments and the Dutch State which arrange, amongst others, securities provided by IHC and a monitoring and consultation process on certain matters by the Dutch State.

In addition to the above, the refinancing includes the following loan facilities:

| *In thousands of euros* | **Amount** | **Maturity date*** | **Amortisation** | **Type** | **Drawn per 3 June 2025** |
|---|---|---|---|---|---|
| Consortium facility | 20,000 | 3 June 2030 | Bullet | Committed | - |
| HAL loan | 30,000 | 3 June 2030 | Bullet | Committed | 30,000 |
| HAL standby facility | 40,000 | 3 June 2030 | Bullet | Committed | - |
| **Loan facilities** | **90,000** | | | | **30,000** |

* The guarantee and loan facilities carry a maturity date of 5 years, linked to the Guarantee facilities which have a 3-year maturity date, with 2 extension options: just before the first and second anniversaries of the signing date of 3 June 2025. As such, the Guarantee facilities are projected to have between 27 and 39 months of remaining maturity throughout, until the maturity runs off towards the expiry date of the facilities on June 2030.

The anticipated finance expenses associated with the new loan facilities are expected to remain materially in line with those incurred under the loan arrangements active in 2024, although the exact interest rate is subject to variation based on several determining factors.

*Consortium facility*
In June 2025, IHC group secured a consortium facility amounting to €20.0 million from HAL Investments B.V., MerweOord B.V. and D.E.M.E. N.V. which, subject to the above, matures in June 2030. This facility will be drawn in full in June 2025. The payable related to guarantees provided by HAL Investments B.V. (€6.7 million at refinancing date) will be converted to the HAL share of the contributions in the new consortium facility.

[9] based on the expected launch (float-out) of the vessel.

*Amended HAL loan*
In June 2023, IHC Group received a loan amounting to €30.0 million from HAL Investments B.V., with an original repayment date set for 2026. Under the new Guarantee and Financing Arrangement, the repayment date of this loan has been extended, subject to the above, until June 2030. As part of the amended loan agreement, the shipyard and slipway located in Krimpen aan de IJssel have been pledged as collateral.

*New standby facility from HAL*
In June 2025, IHC group secured a new €40.0 million standby credit facility from HAL Investments B.V. The facility has a maturity date, subject to the above, of June 2030. As part of the loan agreement, the shipyard and slipway located in Kinderdijk have been pledged as collateral.

*Existing standby facility from HAL*
The existing standby facility of €32.2 million (originally €50.0 million) from HAL Investments B.V., with three tranches is no longer applicable. The drawn amount of €10.0 million, along with accrued interest and commitment fees related to this standby facility, will be repaid in June 2025 and, afterwards, this existing standby facility is cancelled.

*Incremental projects facility*
The incremental projects facility of €25.0 million (undrawn), as included in the old SFA, is not part of the refinancing and was cancelled at the date the new Guarantee Agreement was signed.

## Company statement of profit or loss for the year ended 31 December 2024

| (In € 1,000) | Note | 2024 | | 2023 | |
|---|---|---|---|---|---|
| Result from participating interests after tax | 6 | -27,553 | | -53,420 | |
| Other income and expenses after tax | 3 | -5,837 | | 175,014 | |
| **Profit / (loss) for the period** | | | -33,390 | | 121,594 |

Royal IHC

# Company statement of financial position as at 31 December 2024

(before appropriation of result)

| (In € 1,000) | Note | 31 December 2024 | | 31 December 2023 | |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| Intangible assets | 4 | 1,576 | | 3,972 | |
| Property, plant and equipment | 5 | 994 | | 1,319 | |
| Right-of-use assets | 5 | 2,665 | | 404 | |
| Financial fixed assets | 6 | 108,481 | | 120,792 | |
| **Total non-current assets** | | | **113,716** | | **126,487** |
| **Current assets** | | | | | |
| Trade and other receivables | 7 | 156,683 | | 130,688 | |
| Cash and cash equivalents | 8 | 44,588 | | 91,871 | |
| **Total current assets** | | | **201,271** | | **222,559** |
| **Total assets** | | | **314,987** | | **349,046** |
| **Shareholders' equity** | | | | | |
| Share capital | | 460,604 | | 460,604 | |
| Share premium reserve | | 72,307 | | 72,307 | |
| Revaluation reserve | | 3,203 | | 825 | |
| Reserve for capitalised development costs | | 1,935 | | 1,935 | |
| Currency translation reserve | | -10,331 | | -10,412 | |
| Hedging reserve | | -1,363 | | -930 | |
| Other reserves | | -383,907 | | -505,501 | |
| Unappropriated result | | -33,390 | | 121,594 | |
| **Total equity** | 9 | | **109,058** | | **140,422** |
| **Liabilities** | | | | | |
| Loans and borrowings | 11 | 37,566 | | 32,253 | |
| Provisions | 10 | 835 | | 883 | |
| Other liabilities | 12 | 1,867 | | 221 | |
| **Total long-term liabilities** | | | **40,268** | | **33,357** |
| **Current liabilities** | 13 | | **165,661** | | **175,267** |
| **Total shareholders' equity and liabilities** | | | **314,987** | | **349,046** |

# Notes to the Company financial statements

**1. General**

These Company financial statements and the consolidated financial statements together constitute the statutory financial statements of IHC Merwede Holding B.V. (hereafter: 'the Company'). The financial information of the Company is included in the Company's consolidated financial statements. The disclosure on the going concern assumption is included in the notes to the consolidated financial statements.

**2. Basis of preparation**

The company financial statements have been prepared in accordance with Title 9, Book 2 of the Netherlands Civil Code. For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its company financial statements, the Company makes use of the option provided in section 2:362(8) of the Netherlands Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of the result (hereinafter referred to as principles for recognition and measurement) of the company financial statements of the Company are the same as those applied for the consolidated EU-IFRS financial statements. See note 6 for a description of these principles.

Information on the use of financial instruments and on related risks for the Group is provided in the notes to the consolidated financial statements of the Group.

All amounts in the Company financial statements are presented in EUR thousand, unless stated otherwise.

*Participating interests in group companies*
Group companies are all entities in which the Company has directly or indirectly control. The Company controls an entity when it is exposed, or has rights, to variable returns from its involvement with the group company and has the ability to affect those returns through its power over the group company. Group companies are recognised from the date on which control is obtained by the Company and derecognised from the date that control by the Company over the group company ceases. Participating interests in group companies are accounted for in the Company financial statements according to the equity method, with the principles for the recognition and measurement of assets and liabilities and determination of results as set out in the notes to the consolidated financial statements.

Participating interests with a negative net asset value are valued at nil. This measurement also covers any receivables provided to the participating interests that are, in substance, an extension of the net investment. In particular, this relates to loans for which settlement is neither planned nor likely to occur in the foreseeable future. A share in the profits of the participating interest in subsequent years will only be recognised if and to the extent that the cumulative unrecognised share of loss has been absorbed. If the Company fully or partially guarantees the debts of the relevant participating interest, or if has the constructive obligation to enable the participating interest to pay its debts (for its share therein), then a provision is recognised accordingly to the amount of the estimated payments by the Company on behalf of the participating interest.

*Result from participating interests*
The share in the result of participating interests consists of the share of the Company in the result of these participating interests. Results on transactions involving the transfer of assets and liabilities between the Company and its participating interests and mutually between participating interests themselves, are eliminated to the extent that they can be considered as not realised.

*Corporate income tax*
The Company forms a fiscal unity for corporate income tax purposes together with its subsidiaries. Each of the companies recognises the portion of corporate income tax that the relevant company would owe as an independent tax payer, taking into account the allocation of the advantages of the fiscal unity to the various companies.

### 3. Other income and expense after taxation

| | 2024 | 2023 |
|---|---|---|
| | € 000 | € 000 |
| (Profit) / loss from discontinued operations | - | -191,026 |
| External costs/(income) | -4,084 | -1,458 |
| Advisor fees | - | 3,183 |
| Depreciation amortization and impairment | 3,437 | 4,625 |
| Net finance expense (income) | -5,600 | -7,511 |
| Income tax expense (income) | 12,084 | 17,173 |
| | 5,837 | - 175,014 |

The profit from discontinued operations in 2023 relates to the sale of 100% of the shares held in IQIP Holdings B.V.

### 4. Intangible assets

| | 2024<br>Software | 2023<br>Software |
|---|---|---|
| | € 000 | € 000 |
| Balance as at 1 January | | |
| Cost | 48,437 | 48,318 |
| Accumulated depreciation and impairment losses | -44,465 | -40,910 |
| Carrying amount | 3,972 | 7,408 |
| | | |
| Movements: | | |
| Additions | 505 | 119 |
| Depreciation | -2,766 | -3,555 |
| Divestment | -135 | - |
| | -2,396 | -3,436 |
| Balance as at 31 December | | |
| Cost | 48,942 | 48,437 |
| Accumulated depreciation and impairment losses | -47,366 | -44,465 |
| Carrying amount | 1,576 | 3,972 |

## 5. Property, plant and equipment

| | 2024 | 2023 |
|---|---|---|
| | € 000 | € 000 |
| Property, plant and equipment | 994 | 1,319 |
| Right-of-use assets | 2,665 | 404 |
| | 3,659 | 1,723 |

| | 2024 Other operating fixed assets | 2023 Other operating fixed assets |
|---|---|---|
| | € 000 | € 000 |
| Balance as at 1 January | | |
| Cost | 9,277 | 9,015 |
| Accumulated depreciation and impairment losses | -7,958 | -7,196 |
| Carrying amount | 1,319 | 1,819 |
| | | |
| Movements | | |
| Additions | 541 | 262 |
| Depreciation | -436 | -762 |
| Disposals | -430 | - |
| | -325 | -500 |
| Balance as at 31 December | | |
| Cost | 4,327 | 9,277 |
| Accumulated depreciation and impairment losses | -3,333 | -7,958 |
| Carrying amount | 994 | 1,319 |

| | 2024 Right of use assets | 2023 Right of use assets |
|---|---|---|
| | € 000 | € 000 |
| Balance as at 1 January | | |
| Cost | 4,567 | 4,974 |
| Accumulated depreciation and impairment losses | -4,163 | -3,855 |
| Carrying amount | 404 | 1,119 |
| | | |
| Movements | | |
| Additions and changes to current lease contracts | 2,496 | -407 |
| Depreciation | -235 | -308 |
| | 2,261 | -715 |
| Balance as at 31 December | | |
| Cost | 7,403 | 4,567 |
| Accumulated depreciation and impairment losses | -4,398 | -4,163 |
| Carrying amount | 2,665 | 404 |

The Company leases vehicles. The leases typically run for a period of five years.

**6. Financial fixed assets**

| | 2024 | 2023 |
|---|---|---|
| | € 000 | € 000 |
| Interests in Group companies | 108,081 | 120,392 |
| Construction loans to Group Companies | - | - |
| Financial assets at amortised costs | 400 | 400 |
| | 108,481 | 120,792 |

Interests in group companies are accounted for using the net asset value. The movements in the net asset value of the Group companies is as follows:

| | 2024 | 2023 |
|---|---|---|
| | € 000 | € 000 |
| Balance as at 1 January | 120,392 | 159,467 |
| Negative net asset values deducted from receivables due | -296,575 | -243,319 |
| Negative net asset values presented as provision | - | -42,499 |
| Total value of interests in group companies as at 1 January | -176,183 | -126,351 |
| Share in results from participating interest, net of income tax | -27,553 | -53,420 |
| Revaluation of land, net of income tax | 2,378 | 825 |
| Net effect of sold assets | - | 4,504 |
| Currency translation differences, net of income tax | 81 | -2,038 |
| Movements in hedging reserves, net of income tax | -433 | 153 |
| Reclassification to disposal group held for sale | - | - |
| Other movements | 9,900 | 144 |
| Total movement | --15,627 | -49,832 |
| Value of interests in group companies as at 31 December | -191,810 | -176,183 |
| Negative net asset values deducted from receivables due from subsidiaries | 299,892 | 296,575 |
| Negative net asset values presented as a provision | - | - |
| Balance as at 31 December | 108,081 | 120,392 |

In compliance with Article 379 sub 5 of Part 9 of Book 2 of the Netherlands Civil Code, a list of the Group companies and associated companies is filed at the offices of the Trade Register in Rotterdam.

The movements in the construction loans to Group companies is as follows:

| | 2024 | 2023 |
|---|---|---|
| | € 000 | € 000 |
| Balance as at 1 January | - | 6,000 |
| New loans issued | - | - |
| Proceeds | - | -6,000 |
| Balance as at 31 December | - | - |

**7. Trade and other receivables**

| | 2024 | 2023 |
|---|---|---|
| | € 000 | € 000 |
| Accounts receivable from group companies | 151,499 | 126,541 |
| Other receivables | 5,184 | 4,147 |
| | 156,683 | 130,688 |

**8. Cash and cash equivalents**

| | 2024 | 2023 |
|---|---|---|
| | € 000 | € 000 |
| Bank balances | 25,988 | 73,411 |
| Collateralised cash | 18,600 | 18,460 |
| | 44,588 | 91,871 |
| Cash and cash equivalents in the statement of cash flows | 44,588 | 91,871 |

The total bank and cash balance consists of cash and short-term bank deposits, which are highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value. The collateralised cash consists of €15.7 million, which is restricted due to a cash covenant, and €2.9 million, which is restricted as collateral for guarantees. These amounts are held in on demand deposits and can be accessed as required[10].

[10] For details on the impact following the refinancing, please refer to Note 39 – Subsequent Events.

## 9. Shareholders' equity

Reconciliation of movements in Shareholders' equity 2024:

| | | | Legal reserve | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Share premium reserve | Revaluation reserve | Reserve for capitalised development costs | Currency translation reserve | Hedging reserve | Other reserves | Unappro priated result | Total share-holders' equity |
| | € 000 | € 000 | € 000 | € 000 | € 000 | € 000 | € 000 | € 000 | € 000 |
| Balance as at 1 January 2024 | 460,604 | 72,307 | 825 | 1,935 | -10,412 | -930 | -505,501 | 121,594 | 140,422 |
| **Total recognised income and expense** | | | | | | | | | |
| Appropriation of result | - | - | - | - | - | - | 121,594 | -121,594 | - |
| Result | - | - | - | - | - | - | - | -33,390 | -33,390 |
| Net effect of revaluation of land | - | - | 2,378 | - | - | - | - | - | 2,378 |
| Net effect of sold assets | - | - | - | - | - | - | - | - | - |
| Effect of depreciation of capitalized development costs | - | - | - | - | - | - | - | - | - |
| Net foreign currency translation differences for foreign operations | - | - | - | - | 81 | - | - | - | 81 |
| Net effective portion of changes in fair value of cash flow hedges | - | - | - | - | - | -433 | - | - | -433 |
| | - | - | - | - | 81 | -433 | 121,594 | -154,984 | -31,364 |
| Balance as at 31 December 2024 | 460,604 | 72,307 | 3,203 | 1,935 | -10,331 | -1,363 | -383,907 | -33,390 | 109,058 |

| | | | Legal reserve | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Share premium reserve | Revaluation reserve | Reserve for capitalised development costs | Currency translation reserve | Hedging reserve | Other reserves | Unappro priated result | Total share-holders' equity |
| | € 000 | € 000 | € 000 | € 000 | € 000 | € 000 | € 000 | € 000 | € 000 |
| Balance as at 1 January 2023 | 460,604 | 72,307 | 2,438 | 3,420 | -8,374 | -1,083 | -415,504 | -98,424 | 15,384 |
| **Total recognised income and expense** | | | | | | | | | |
| Appropriation of result | - | - | - | - | - | - | -98,424 | 98,424 | - |
| Result | - | - | - | - | - | - | - | 121,594 | 121,594 |
| Net effect of revaluation of land | - | - | 825 | - | - | - | - | - | 825 |
| Net effect of sold assets | - | - | -2,438 | - | - | - | 6,942 | - | 4,504 |
| Effect of depreciation of capitalized development costs | - | - | - | -1,485 | - | - | 1,485 | - | - |
| Net foreign currency translation differences for foreign operations | - | - | - | - | -2,038 | - | - | - | -2,038 |
| Net effective portion of changes in fair value of cash flow hedges | - | - | - | - | - | 153 | - | - | 153 |
| | - | - | -1,613 | -1,485 | -2,038 | 153 | -89,977 | 220,018 | 125,038 |
| Balance as at 31 December 2023 | 460.604 | 72,307 | 825 | 1,935 | -10,412 | -930 | -505,501 | 121,594 | 140,422 |

*Share capital*
The Company's issued capital, amounting to € 460,604 thousand (2023: € 460,604 thousand), consists of 30,630,399,945 ordinary shares of € 0.01 each and 15,430,000,000 non-voting shares of € 0.01 each.

*Share premium reserve*
Share premium comprises capital contributions from shareholders exceeding the nominal value of the issued shares; it is regarded as paid-up capital. Share premium is distributable free of tax.

*Revaluation reserve*
The revaluation reserve in the company balance sheet differs from the revaluation reserve in the consolidated balance sheet. Based on Dutch legislation, IHC Merwede Holding B.V. converted in 2013 a part of the revaluation reserve into capital at free disposal (other reserves). This legal conversion is accounted for in the equity in the Company balance sheet, the consolidated equity still presents the total revaluation reserve recognized by revaluation of land.

*Reserve for capitalised development costs*
The reserve for capitalised development costs is a legal reserve under Dutch law and therefore not at free disposal. This legal reserve is accounted for in the equity in the company balance sheet. In the consolidated equity this reserve is part of the other reserves.

*Currency translation reserve*
The currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge the company's net investment in a foreign operation. They are released into profit or loss upon disposal of the investments.

*Hedging reserve*
The hedging reserve comprises the effective portion of the cumulative net movement in the fair value of cash flow hedging instruments (net of income tax) related to hedged transactions that have not yet affected profit or loss.

*Cost of hedging reserve*
The cost of hedging reserve reflects gain or loss on the portion excluded from the designated hedging instrument that relates to the forward element of forward contracts. It is initially recognised in OCI and accounted for similarly to gains or losses in the hedging reserve.

*Other reserves*
Other reserves consist of additions and distributions in prior years based on profit appropriations and the effects of changes in accounting principles, and are at the free disposal of the General Meeting of Shareholders. At year-end 2024 the other reserves are not available for distribution. Dividend payments are limited under bank covenants.

*Unappropriated result*
Unappropriated result represents the profit or loss for the current year that has not yet been appropriated. The Board of Management proposes to deduct the loss from the other reserves. The profit for the year 2023 has been added to the other reserves, in line with the proposal of the Board of Management.

## 10. Provisions

| | Balance 1 January 2024 | Additions | Usage | Reversals | Other movements | Balance 31 December 2024 |
|---|---|---|---|---|---|---|
| | € 000 | € 000 | € 000 | € 000 | € 000 | € 000 |
| Participating interests with a negative net asset value | - | - | - | - | - | - |
| Environmental liabilities | 835 | - | - | - | - | 835 |
| Other | 98 | - | - | - | - | 98 |
| | 933 | - | - | - | - | 933 |
| Non-current | 883 | | | | | 835 |
| Current | 50 | | | | | 98 |

| | Balance 1 January 2023 | Additions | Usage | Reversals | Other movements | Balance 31 December 2023 |
|---|---|---|---|---|---|---|
| | € 000 | € 000 | € 000 | € 000 | € 000 | € 000 |
| Participating interests with a negative net asset value | 42,499 | - | - | -42,499 | - | - |
| Environmental liabilities | 835 | - | - | - | - | 835 |
| Other | 98 | - | - | - | - | 98 |
| | 43,432 | - | - | -42,499 | - | 933 |
| Non-current | 43,382 | | | | | 883 |
| Current | 50 | | | | | 50 |

*Environmental liabilities*
The provision for environmental liability concerns the future clean-up costs for contamination as required by prevailing legislation where actual clean-up has been agreed with the competent authorities. No provision is included in the financial statements for soil pollution at the other sites, which may have to be cleaned up in the very long-term. Due to continuing technological advances as well as possible amendments to legislation and regulations, the amount to be spent on associated future clean-up can only be estimated at present with a high degree of uncertainty. The timing is uncertain but will be between one and five years.

## 11. Loans and borrowings

| | 2024 | 2023 |
|---|---|---|
| | € 000 | € 000 |
| **Total loans and borrowings** | | |
| Subordinated loans | 37,566 | 32,253 |
| Other | - | - |
| | 37,566 | 32,253 |
| **Current liabilities** | | |
| Subordinated loans | - | - |
| **Non-current liabilities** | 37,566 | 32,253 |

*Subordinated loans*
HAL Investments B.V. and Royal IHC concluded a subordinated loan of € 30.0 million in June 2023. This loan is subordinated to the secured creditors and was drawn in 2023 and is maturing on the earlier of 30 June 2026 and 45 days after delivery of Boskalis vessel. Interest amounts to 8% per annum and is accrued up to the repayment date.

HAL Investments B.V. and Royal IHC concluded on a standby facility of € 50.0 million (of which € 20.0 million is subordinated to the secured creditors) in October 2023. In February 2025 € 10.0 million of this standby facility has been drawn. This standby facility is maturing on 30 June 2026. Average interest amounts to 10.8% per annum and is accrued up to the repayment date. The facility consists of different tranches, with various conditions attached to the tranches. Drawing on this standby facility is dependent on meeting certain conditions which mostly relates to the Boskalis contract. The third tranche of initially € 20.0 million was contractually reduced to € 2.2 million after the sale of certain assets specified in the loan agreement[11].

*Loans from financial institutions*

*Construction loans*
The construction loan facility of € 25.0 million of which € 0.0 million has been drawn in 2024 is obtained from a consortium of banks in order to finance the construction costs of standard products. The construction loan is maturing in June 2025.

**12. Other liabilities**

| | 2024 | 2023 |
|---|---|---|
| | € 000 | € 000 |
| Balance as at 1 January | 405 | 1,160 |
| Changes from financing cash flows: | | |
| New lease liabilities | 2,991 | - |
| Payment of lease liabilities | -671 | -770 |
| Interest expense | 12 | 15 |
| | 2,332 | -755 |
| Balance as at 31 December | 2,737 | 405 |
| Current portion of lease liabilities | 870 | 184 |
| **Non-current lease liabilities** | 1,867 | 221 |

**13. Current liabilities**

| | 2024 | 2023 |
|---|---|---|
| | € 000 | € 000 |
| Current portion of lease liabilities | 870 | 184 |
| Trade and other payables | 4,260 | 2,600 |
| Debts to group companies | 151,186 | 172,327 |
| Other creditors and accruals | 9,247 | 106 |
| Provisions | 98 | 50 |
| | 165,661 | 175,267 |

The line item "interest expense on loans and borrowings at amortized cost" includes an amount of €6.4 million (2023: € nil) related to guarantees provided by HAL Investments B.V. [12].

[11] For details on the impact following the refinancing, please refer to Note 39 – Subsequent Events.
[12] For details on the impact following the refinancing, please refer to Note 39 – Subsequent Events.

**14. Financial instruments**

The Group has exposure to the credit risk, liquidity risk and market risk in its use of financial instruments. In note 34 of the consolidated financial statements information is included about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. These risks, objectives, policies and processes for measuring and managing risk, and the management of capital apply also to these company financial statements.

**15. Commitments and contingent liabilities**

The Company has filed a statement as mentioned in Section 403f Book 2 of the Dutch Civil Code for certain group companies. Accordingly, the Company is jointly and severally liable for all debts of these group companies.

The Company is jointly and severally liable for debts related to the financing arrangement entered into with a consortium of banks for the Company and several subsidiaries. With respect to this arrangement, immovable property has been mortgaged and stocks, receivables, bank balances, other movable property and current assets have been pledged to the banks. Further disclosures in respect to Bank Facilities are provided in note 37 of the consolidated financial statements.

During the 2024 financial year the Company had no employees (2023: nil).

**16. Related parties**

The affiliated parties and the nature of the transactions are specified as follows:

| | | Transactions | | Balance outstanding | |
|---|---|---|---|---|---|
| Type of transaction | Related parties | 2024 | 2023 | 31 December 2024 | 31 December 2023 |
| | | € 000 | € 000 | € 000 | € 000 |
| Employment of employees | IHC Merwede Employment B.V. | -17,556 | -17,090 | 18,214 | 13,570 |
| Other services | Subsidiaries and affiliated companies | 42,473 | 35,438 | 447,145 | 406,898 |

Besides the transactions mentioned above the following transaction also occurred. Within the Dutch fiscal unity corporate income taxes have been settled with Dutch subsidiaries and the Company, amounting to € 18.6 million in 2024 (2023: € 4.6 million).

Further disclosures in respect of related parties are provided in note 38 of the consolidated financial statements.

**17. Auditor's fees**

With reference to Section 2:382a of the Netherlands Civil Code, the following fees have been charged by KPMG Accountants N.V. to the Company, its subsidiaries and other consolidated entities. The audit fee is based on current year audit fee and any additional billing of prior year audit fee.

| | 2024 | 2023 |
|---|---|---|
| | € 000 | € 000 |
| Audit financial statements | 1,107 | 1,032 |
| Other assurance services | - | - |
| | 1,107 | 1,032 |

Kinderdijk, 5 June 2025

**BOARD OF MANAGEMENT**

D.W. te Bokkel, CEO

B.J. ter Riet, COO

B.J. Dijkstra, CFO

**SUPERVISORY BOARD**

F.A. Verhoeven, Chairman

G. van de Rozenberg

J.H. Kamps

B.I. Otto

R.N. van den Bergh

Royal IHC

# Other information

## Independent auditor's report

To: the General Meeting of IHC Merwede Holding B.V.

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

***Our opinion***
We have audited the financial statements 2024 of IHC Merwede Holding B.V. (or hereafter 'the Company'), based in Kinderdijk. The financial statements comprise the consolidated financial statements and the company financial statements.

In our opinion:

— the accompanying consolidated financial statements give a true and fair view of the financial position of IHC Merwede Holding B.V. as at 31 December 2024 and of its result and its cash flows for the year ended 31 December 2024 in accordance with IFRS Accounting Standards as endorsed by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;

— the accompanying company financial statements give a true and fair view of the financial position of IHC Merwede Holding B.V. as at 31 December 2024 and of its result for the year ended 31 December 2024 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1 the consolidated statement of financial position as at 31 December 2024;

2 the following statements for the year ended 31 December 2024: the consolidated statement of profit or loss, the consolidated statements of comprehensive income, changes in equity and cash flows; and

3 the notes comprising material accounting policy information and other explanatory information.

The company financial statements comprise:

1 the company statement of financial position as at 31 December 2024;

2 the company statement of profit or loss for the year ended 31 December 2024; and

3 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 IHC Merwede Holding B.V. in accordance with 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 designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in respect of fraud and non-compliance with laws and regulations and going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.
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**

***Audit response to the risk of fraud and non-compliance with laws and regulations***
In the risk management paragraph in the Report of the Board of Management, the Board of Management describes its procedures in respect of the risk of fraud and non-compliance with laws and regulations and the Supervisory Board reflects on this.

As part of our audit, we have gained insights into the Company and its business environment, and assessed the design and implementation of the Company's risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the Company's fraud risk assessment, code of conduct (including the SpeakUp policy), anti-bribery and corruption policy, the sanctions and export controls policy and its procedures to investigate indications of possible fraud and non-compliance. Furthermore, we performed relevant inquiries with the Board of Management and other relevant functions, such as the legal counsel and the compliance officer. We also incorporated elements of unpredictability in our audit, specifically related to the selection of items for inventory counting procedures that were outside the selection based on our regular selection parameters and to more detailed audit procedures on expense claims of key management personnel. We involved forensic specialists in our audit procedures related to commissions, including payments to agents.

As a result from our risk assessment we identified the following laws and regulations as those most likely to have a material effect on the financial statements in case of non-compliance:

- Anti-bribery and corruption laws and regulations.
- Anti-money laundering laws and regulations.
- Trade sanctions and export controls laws and regulations.
- Environmental legislation.
- Labour and human rights laws.

Our procedures did (as reported below) result in the identification of a reportable risk of material misstatement in respect of non-compliance with anti-bribery and corruption laws and regulations.

Further, we assessed the presumed fraud risk on revenue recognition related to rendering of services and rental contracts as irrelevant, because we consider the revenue transactions of the Company related to these streams to be routine and non-complex and because we did not identify fraud risk factors related to perceived pressure, perceived opportunity and/or the attitude of employees involved in the process of revenue recognition.

Based on the above and on the auditing standards, we identified the following fraud and non-compliance risks that are relevant to our audit, including the relevant presumed risks laid down in the auditing standards, and responded as follows:

**Compliance with anti-bribery and corruption laws and regulations**

**Risk:**
Operating in high-risk jurisdictions and/or doing business in sectors which are perceived as potentially unethical or higher risk and/or making use of intermediates for doing business, have an inherent significant fraud risk on corruption as well as the risk of non-compliance with laws and regulations regarding anti-bribery.

The Company pays commissions to agents in order to acquire new contracts. We consider the commissions paid to agents including the risk of corruption as a significant risk as well as the risk of non-compliance with anti-bribery and anti-money laundering laws and regulations due to the nature of these payments (i.e. outside Europe) and potential lack of visibility of the activities performed by the agent.

**Responses:**

- We involved forensic specialists throughout our audit procedures.
- We inquired the Board of Management, the legal counsel and the compliance officer with respect to compliance to anti-bribery and corruption laws and regulations.
- We evaluated the design and the implementation of internal controls and adherence to the Company's code of conduct and internal procedures and policies for concluding contracts with agents.
- We inspected due diligence and screening documentation with respect to contracted agents.
- We performed substantive audit procedures to vouch payments to agents to contracts, bank statements and the financial administration.
- We performed substantive audit procedures on payments made to agents to assess the appropriateness of contracts and the adherence to internal policies.

**Management override of controls (a presumed risk)**

**Risk:**
Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

Furthermore, due to the significant amount of judgment involved, management may rationalize unrealistic or unreliable assumptions used in developing critical estimates in the financial statements (e.g. valuation of construction contracts and inventories).

**Responses:**

- We evaluated the design and the implementation of internal controls that mitigate fraud risks, such as internal control measures related to journal entries.
- We performed a data analysis of high-risk journal entries and evaluated key estimates and judgments for bias by the Board of Management, including retrospective reviews of prior years' estimates with respect to the valuation of construction contracts and inventories. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk, including testing of transactions back to source information.
- We identified and selected journal entries and other adjustments made at the end of the reporting period for testing.

**Revenue recognition related to construction contracts (a presumed risk)**

**Risk:**
The recognition of revenue from construction contracts and the estimation of the outcome of the construction contracts that are not completed at year-end requires significant management judgment, in particular with respect to estimating the cost to complete (including late deliveries) and the amounts of variation orders to be recognized.

The identified presumed risk of fraud is related to management's ability to potentially override the controls in the regular project result estimation process. By doing so, management is potentially able to shift revenues (and results) between the years. This risk inherently includes the fraud risk that management deliberately overstates revenue, in the cut-off per year-end, as management may feel pressure to achieve planned results for the current year.

**Responses:**

- We evaluated prior period estimates made by the Board of Management by performing a retrospective review.
- We evaluated the design and implementation of the project controls, performed substantive audit procedures and tested management's positions against underlying documentation.
- We inquired the Board of Management, project management and controlling employees regarding the ongoing projects at year-end and particularities identified in these projects;
- We tested the adequacy and support for cost-to-complete estimates and tested management's estimate of potential losses in projects in the project portfolio for adequacy and completeness. We considered developments noted at ongoing projects, assessed updated budgets and performed a retrospective review to assess the reliability of the budgets.
- We tested contractual terms and conditions (including performance obligations), disputes, claims, variation orders, costs incurred and forecasted cost to complete including progress measurement and internal risk assessments.

**Revenue recognition related to sale of goods (a presumed risk)**

**Risk:**
The Company incurs a significant amount of revenues from the sale of goods. The recognition of this revenue stream is subject to certain complexities, for example related to the correct application of Incoterms or the delivery in batches of an order.

The risk of fraud is related to management's ability to potentially override the controls in the regular revenue recording process. By doing so, management is potentially able to shift revenues between the years. This risk inherently includes the fraud risk that management deliberately overstates revenue, in the cut-off per year-end, as management may feel pressure to achieve planned results for the current year.

**Responses:**

- We evaluated the design and implementation of controls in the process related to the sale of goods.
- We performed detailed audit procedures to test the accurate cut-off of revenue in relation to revenues from sale of goods. We inspected purchase orders, shipping documents and sales invoices issued for revenues recognized and verified whether revenues were adequately recognized.

We communicated our risk assessment, audit responses and results to the Board of Management and the Audit Committee of the Supervisory Board.

Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

***Audit response to going concern***
As explained in the 'Going concern' section in note 1 of the financial statements, the Board of Management has identified several risks and uncertainties with respect to its order book and financial results. The Board of Management has concluded that these risks have been sufficiently mitigated by way of the disclosed measures, including the signing of the refinancing in June 2025. In order to conclude on the adequacy of the Board of Management's going concern assessment and the adequacy of the related disclosure, we have performed, inter alia, the following procedures:

- We considered whether the Board of Management's assessment of the going concern risks contains all relevant indicators that could identify going concern risks of which we are aware as a result of our audit and inquired the Board of Management about the underlying key assumptions and principles.
- We analyzed the budgeting process and compared actuals with budgets to evaluate the reliability of the Board of Management's forecast.

- We compared the Board of Management's considerations on going concern risks with our own views. This includes both internal organizational and economic developments and developments related to relevant financing facilities.
- We evaluated the consistency of the assumptions underlying the plans for future measures against other estimates.
- We evaluated the extent to which the expected outcome of the plans and measures are included adequately in the forecasts.
- We evaluated the plausibility of assumptions relating to the forecasted available future cash flows from operating, financing, divestment and investment activities, including the forecasted compliance to the minimum cash requirement after refinancing.
- We assessed the adequacy of the liquidity margin forecast, particularly for the worst case scenario described by the Board of Management and considering the increased headroom due to the release of the blocked cash and cash collateral, the decrease of the minimum cash requirement, and secured facilities resulting from the refinancing which was completed in June 2025. We inspected duly approved financing agreements and related documents thereto to confirm availability of the facilities and cash and to assess the existence of any clauses that may have to be considered in the worst case scenario.
- We compared the Board of Management's (sensitized) cash forecasts with our evaluation of several reasonably possible scenarios arising from the uncertainties related to the (timing of) materialization of some specific significant orders, order intake in general and cost overruns on orders resulting into a possible shortfall in liquidity.
- We consulted with professionals with specific knowledge and experience in auditing going concern assessments in making our assessment.
- We assessed if the going concern risks and related mitigating measures are adequately disclosed in the 'Going concern' section in note 1 of the financial statements.

The outcome of our procedures supports the Board of Management's conclusion on the application of the going concern basis of accounting. We also find the disclosure in the 'Going concern' section in note 1 of the financial statements to be adequate.

**Report on the other information included in the annual report**
In addition to the financial statements and our auditor's report thereon, the annual report contains other information. Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information regarding the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

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 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Board of Management 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 as required by Part 9 of Book 2 of the Dutch Civil Code.

**Description of responsibilities regarding the financial statements**

***Responsibilities of the Board of Management and the Supervisory Board for the financial statements***
The Board of Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Board of Management is responsible for such internal control as the Board of Management 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 Board of Management is responsible for assessing the Company’s ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Board of Management should prepare the financial statements using the going concern basis of accounting unless the Board of Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Management 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 have detected all material errors and fraud during our audit.

Misstatements can arise from fraud or errors 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 the 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 judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- 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 Board of Management;
- concluding on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. 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. 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 the Company ceasing to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and

- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are responsible for planning and performing the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the financial statements. We are also responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We bear the full responsibility for the auditor's report.

We communicate with those charged with governance 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.

Rotterdam, 5 June 2025

KPMG Accountants N.V.

A.H. Gardien RA

## Appropriation of profit

Article 25 of the Articles of Association states:

1. The authority to decide over the allocation of profits determined by the adoption of the annual accounts and to make distributions is vested in the General Meeting, with due observance of the limitations prescribed by law.
2. The authority of the General Meeting to make distributions applies to both distributions at the expense of non-appropriated profits and distributions at the expense of any reserves, and to both distributions on the occasion of the adoption of the annual accounts and interim distributions.
3. A resolution to make a distribution will not be effective until approved by the Board of Management. The Board of Management may only refuse to grant such approval if it knows or reasonably should foresee that after the distribution the Company would not be able to continue to pay its debts as they fall due.

## Branches

The Group has branches in Uruguay, United Arab Emirates, China, Jordan and Indonesia.