



Annual Report 2025

IHC Merwede Holding B.V.

Contents

	Page
Key figures 2021-2025	2
Corporate profile	3
Report of the Supervisory Board	4
Report of the Board of Management	6
Financial statements 2025	24
Consolidated statement of profit or loss for the year ended 31 December 2025	25
Consolidated statement of comprehensive income for the year ended 31 December 2025	26
Consolidated statement of financial position as at 31 December 2025	27
Consolidated statement of changes in equity for the year ended 31 December 2025	28
Consolidated statement of cash flows for the year ended 31 December 2025	30
Notes to the consolidated financial statements	31
Company statement of profit or loss for the year ended 31 December 2025	88
Company statement of financial position as at 31 December 2025	89
Notes to the Company financial statements	90
Other information	103

Key figures 2021-2025

(Amounts in millions of euro, unless stated otherwise)

	2025	2024	2023*	2022	2021
New orders	638.9	384.9	553.8	402.4	220.9
Revenue	487.2	436.4	312.3	354.0	380.9
Order portfolio as at 31 December	546.3	397.3	483.3	260.3	204.9
Profit or loss for the period	* -24.9	-33.4	121.6	-35.1	-63.4
Profit or loss for the period attributable to owners of the company	-24.9	-33.4	121.6	-35.1	-63.3
EBITDA	3.0	1.4	-31.2	-23.9	-37.3
Equity	88.2	109.0	140.4	15.4	46.4
Total assets	438.2	414.5	493.8	636.3	767.6
Equity / total assets	20%	26%	28%	2%	6%
Equity / capital employed	52%	58%	57%	6%	17%
Working capital	-38.0	-5.9	-19.1	32.9	-76.8
Current ratio	1.11	1.25	1.37	1.16	1.00
Average number of employees (head count)	1,808.4	1,766.0	2,047.0	2,143.0	2,542.0

* 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 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

Royal IHC has consolidated the recent years of strategic realignment during 2025 and laid the basis for further growth in its order book and revenues and is on course towards net profitability. The refinancing which was closed on 3 June 2025 demonstrated renewed confidence in the Company's team, ability to deliver complex projects and its cutting edge technology. Moreover, the approved €50 million increase of the Export Credit Agency (ECA) guarantee line capacity in May 2026, with closing expected in the first half of 2026, which is required to realise the Company's ambitions, shows that the Company's strategy works.

The Company continues to position itself as a designer and builder of integrated systems, vessels, equipment and services for the dredging, offshore, mining and defence industries. Again in 2025, approximately € 8 million was invested in innovation. Innovation remains a key differentiator, underlining the Company's commitment to creating cutting-edge solutions.

During 2025, the Management Board and wider management team have successfully focused on top-line growth through generating growth in its order book, across all business divisions. This of course in tandem with delivering results on its ongoing project work. Projects remained under control and are on track for delivery to clients in line with agreed budgets, costs and specifications. Despite significant revenue growth, costs remained well controlled, resulting in a substantial improvement in the net loss position. With the focus on execution and cost control, and with the good starting position regarding order book and cost control, Royal IHC continues on the path towards profitability.

Management has refined the Company's strategy, which remains consistent with previous years. The Company continues to position itself as high tech maritime systems integrator and equipment manufacturer. Through focus on -and innovation in- material handling capabilities, functionality and customer value are added to its shipbuilding capabilities. The shipbuilding activity is concentrated at the yard in Kinderdijk, the Netherlands, as well as at foreign partner yards, currently in Vietnam. Despite the focus on top-line growth, execution and cost management, Royal IHC continues to ensure that it retains its licence to operate. The commitment to ethical business practices remains a top priority, ensuring that all activities align with regulatory standards, internal policies and the highest ethical standards.

Supervision

The Supervisory Board met 6 times during 2025, and organised 2 online meetings. The Audit Committee convened 5 times in 2025. The Tender Committee (previously named Technical and Investment Committee) met 9 times and the Remuneration Committee convened 5 times in 2025. 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 continues to be closely involved.

Topics discussed by the Supervisory Board included SHE performance and initiatives, financial results, the ongoing and successfully completed refinancing, the refining of the Company's strategy and key account management. The Supervisory Board also focused on the management structure and quality reporting to the Management Board, Royal IHC's commitment to operational performance, health and safety and compliance with regulatory standards, including those with respect to CSRD. Finally, the Supervisory Board executed a 360 degree feedback session on the Management Board and obtained

feedback on its own performance from members of both the Supervisory Board and the Management Board.

Financial statements

The Supervisory Board hereby presents the Annual Report 2025. 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 12 May 2026. The auditor issued an unqualified independent auditor's report on the 2025 financial statements. The result of IHC Group for 2025 is a loss of € 24.9 million. The EBITDA increased from € 1.4 million in 2024 to € 3.0 million in 2025. The Management Board proposes to charge the net loss against reserves. This proposal has been approved by the Supervisory Board.

Conclusion

Looking back on 2025, the strategic transformation, started a few years ago, is starting to demonstrate success. Royal IHC has created a sound basis for further, disciplined growth in all its markets. The continued growth in the Company's order book and the increased guarantee capacity early in 2026 demonstrate the regained confidence of its stakeholders and clients across industries in the Company's continuity as a maritime technology leader.

The Supervisory Board expresses its gratitude to Royal IHC's employees, customers, shareholders, and partners for another year of continued commitment and support. We wish to specifically highlight the commitment and dedication of the Royal IHC employees, who have worked relentlessly over the past years to get the Company back on track. Their contribution will continue to play a vital role in driving the Company's success and ongoing innovation in the maritime industry.

Looking ahead, the Supervisory Board remains committed to keeping Royal IHC on course towards profitability and stability.

Kinderdijk, 12 May 2026

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

Over the past few years, Royal IHC (hereafter: “Royal IHC”, “the Group” or “the Company”) has restored financial stability and strengthened its operational performance. The Company secured a new financing and guarantee package in the middle of the year, providing the foundation for future growth in revenues. Order intake during 2025 was € 638.9 million, marking a record compared to the past 5 years, and is forecasted to continue to grow. In 2025, Royal IHC generated around € 487 million in revenues, also a 5-year high. At the EBITDA level, 2025 was the second consecutive profitable year. This was an achievement, given slippage in timing of large order effectiveness, which was mostly caused by the duration of the refinancing process.

In our portfolio, shipbuilding activities have returned to growth, while the equipment portfolio has also expanded, reinforcing the Company’s position as a provider of integrated maritime solutions. Equipment projects (smaller than € 50 million revenue per project, including design & equipment projects) comprised 60% of the revenue in 2025, with large project shipbuilding making up the rest of the portfolio. With the recovery phase completed in 2025, Royal IHC now enters a new strategic stage focused on sustainable value creation and long-term resilience.

The Company sees strong order intake returning in the dredging and offshore vessel markets, especially from mid-market players who are looking for our cost-effective, versatile and very reliable equipment (mostly variants of standard designs) to support their business models. Projects in execution remain on track, with the delivery of the large dredging vessel Seaway later in 2026. The Company continues to focus on execution with a solid order book at the end of 2025. Further growth is anticipated, but Royal IHC will remain disciplined, taking into account lessons from the past.

Strategy

For the period 2026 to 2030, the Company concentrates on operational excellence, profitable and disciplined growth and technological leadership. Royal IHC’s strategy follows a dual-track approach: reinforcing the core business while accelerating high-tech growth.

Royal IHC continues to build on its 350 year history and foundation of engineering expertise, integrated solutions and a growing high-tech equipment portfolio with maritime application. Further expansion of the equipment business remains a key priority, enabling the delivery of scalable, high-value systems to a global market.

Shipbuilding continues to represent an essential element in our product portfolio. Royal IHC continues to deliver complex, integrated maritime projects and turnkey vessels, supported by Dutch yards and an international partner network. This balanced model ensures competitiveness, flexibility and quality of delivery.

Management priorities include:

- Strengthening operational excellence and effective talent deployment
- Securing long-term continuity of core capabilities in the Netherlands in cooperation with partners in the European industrial and defence space
- Expanding international collaboration to enhance flexibility and competitiveness

Through this integrated model, Royal IHC combines equipment, engineering and shipbuilding expertise to deliver tailored, integrated, future-ready solutions.

Smart growth

Alongside reinforcing its core, Royal IHC accelerates its transformation into a leading high-tech systems and equipment supplier.

Management priorities include:

- Market-driven innovation supported by structured portfolio management
- Development of scalable, high-margin solutions with advanced functionality
- Expansion of aftermarket and lifecycle services to increase recurring revenue
- Protection and strengthening of intellectual property

By increasing recurring revenue through services and data-driven solutions, Royal IHC strengthens long-term customer relationships and builds a more resilient earnings profile.

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 in retaining 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.

Market developments and projects

Dredging

The dredging market remains stable despite global geopolitical, economic, and environmental challenges. Geopolitics such as the war in Ukraine and in the Middle East continue to create uncertainty in the supply chain and lead times of (raw) materials. Furthermore, the economic instability has 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.

Despite the turmoil in the world, the outlook remains “steady” based on long term global market drivers, trends from governments to establish local dredging capacity, and an overall ageing dredging fleet. Although the latter varies by vessel segment and region. In general, replacement of older assets is an ongoing market dynamic of which the timing remains difficult to predict. Replacement and/or retrofit of assets could be accelerated when regulations on zero GHG emissions are implemented and/or governments require contractors to use greener vessels.

IHC Dredging has seen a substantial increase in requests for proposals and orders. The award of a Beagle® 8 to be constructed at the Kinderdijk yard in 2025 is important for the coverage of the slipway and capacity in The Netherlands. At the Krimpen a/d IJssel shipyard, the construction of the 31,000 m³ trailing suction hopper dredger is well underway since early 2024. Following the launch ceremony on 3 October 2025, the vessel is expected to be delivered to the customer in the summer of 2026.

IHC Dredging supports its customers by constructing vessels at a partner shipyard abroad. In 2024, the construction of a custom-built 2,300 m³ trailing suction hopper dredger was the first to use this “building abroad” option. In March 2026, this project was followed by the construction of an Easydredge 2,700 m³

trailing suction hopper dredger. In May 2026 a contract was signed for the construction of two trailing suction hopper dredgers (TSHDs) ,

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 in March 2025 with an American shipyard to deliver the design, engineering and dredging equipment for a TSHD Beagle® 8 Mk2.

Royal IHC's strong order book on the back of these new orders reflects the confidence placed in our Company and its comprehensive range of high-quality solutions.

Demand for Beaver® cutter suction dredgers remains strong in an increasingly competitive market. In particular, demand for larger Beaver types is growing, a segment in which Royal IHC is strongly positioned. Customers report a high level of satisfaction with the Royal IHC Beaver's® reliability, quality, and production performance, confirming its position as a highly competitive product in the market. Within Europe, there is growing interest in low-emission equipment. In recent years European customers have been more cautious in investing in new cutter suction dredgers due to emission regulations. Port development, waterway maintenance, and land reclamation projects in regions such as Southeast Asia, West Africa, and India are key drivers of demand for both larger and smaller dredging equipment. Regulatory requirements, tax regimes, and currency developments are increasingly driving customer demand for Design & Components packages within the Beaver® segment. This trend is expected to materialise over the coming years.

The dredging equipment market remained resilient during the reporting period, supported by continued demand from international dredging contractors. Activity was driven primarily by deliveries of mission-critical dredging equipment and systems, as well as brownfield upgrades and refits aimed at extending vessel lifecycles, improving operational efficiency and meeting evolving environmental requirements.

Equipment packages and upgrade projects continued to form an important part of demand, reflecting operators' preference for proven, standardised solutions rather than full newbuild programmes. In parallel, aftermarket services and spares remained important for dredging equipment, although competitive pressure in this segment increased, requiring a strong focus on reliability, execution and lifecycle support.

Looking ahead, developments in the dredging equipment market point to sustained demand for asset upgrades, standardised equipment solutions and service-led propositions, rather than a return to cyclical peaks in newbuild activity. The focus therefore remains on disciplined project selection, efficient execution and scalable equipment solutions that support customers in maintaining and enhancing their existing dredging fleets under uncertain market conditions.

Offshore Energy

The global energy sector continues to experience a period of higher demand amid geopolitical instability, heightened energy security concerns, climate policy initiatives, and the long term transition toward lower carbon energy systems. Together, these factors are driving continued opportunities across the oil and gas, offshore renewables, and telecommunications markets. Success in this environment depends on technological adaptability, strong environmental credentials, and the ability to support both existing assets through upgrades, services, maintenance, spares, and rental solutions as well as new build design and equipment projects.

During 2025, Royal IHC supported several offshore energy projects, most notably assisting clients with the installation and commissioning of two pipelay vessels. In parallel, the Company continued to deliver upgrades, services, and spare parts to support a variety of brownfield projects across the offshore sector.

Demand within the offshore telecommunications market for global subsea fibre optic cable infrastructure continued to grow throughout 2025. This growth is driven not only by increasing requirements for high speed global connectivity, but also by heightened awareness of the vulnerability, protection, and resilience of existing subsea infrastructures. During the year, Royal IHC contracted the design, build, and delivery of two new cable lay vessels. These vessels will be equipped with Royal IHC's cable lay and burial systems, including jetting ploughs, launch and recovery systems, and fully integrated cable lay spreads.

The year also marked several notable milestones, including the sale of a four tracked trencher vehicle, the delivery of new-build tensioners, the commissioning of a modular cable lay spread, and the design and build of an additional modular cable lay spread. In addition, Royal IHC was awarded and successfully executed a concept study for a cable lay vessel, creating potential follow up on opportunities for vessel construction, cable lay spreads, and subsea vehicles.

Rental solutions continued to contribute to Royal IHC's results. In 2025, the cable lay tensioner rental portfolio remained strong. To support ongoing demand and future growth, Royal IHC invested in the construction of two new 15-tonne tensioners for the rental fleet and committed to upgrading the existing fleet to operate on bio-oil, reinforcing the Company's and clients' sustainability objectives.

Mining

The global mining market remained under pressure throughout 2025. The conflict between Ukraine and Russia, as well as the conflicts in Israel and Gaza, continued to dominate headlines in Europe. The resulting overall uncertainty supported demand for safe-haven assets, with precious metal prices remaining elevated during 2025. Apart from the armed conflicts, uncertainty remained a central theme in 2025. China's export-driven strategy continued to influence commodity demand, while shifts in global trade policy and tariff rhetoric weighed on market sentiment in the mining and metals industry. This backdrop kept decision-making cautious across our markets.

Despite being well positioned for a variety of projects, many opportunities were delayed. As a result, expected order intake for several projects shifted into the back end of 2025 and beyond. In the mineral sands market (titanium and zircon minerals), the market remained subdued, affecting the timing of mineral process plant opportunities and larger dredging projects. At the same time, we continued to see increasing interest to turn waste into value, creating opportunities for mining and mineral processing solutions for Royal IHC in the tailings market. This resulted in a large order in 2025 to assist in the removal of a tailings dam in Chile. The diamond market continued to face headwinds, with subdued demand in consumer markets and ongoing pressure from industrial diamonds. This contributed to cautious investment behaviour, including postponements in mining developments.

Security of supply of minerals by governments across the globe remained of increasing importance in the mining sector in 2025. Resource nationalism continued to be seen in different forms, for instance with Chinese firms securing mineral concentrates for processing in China and American and other international stakeholders funding strategic projects. In the European Union, implementation of the Critical Raw Materials Act progressed in 2025, with governments and industry working on policies and project pipelines to meet the Act's objectives. IHC Mining continued to engage with stakeholders active in the critical raw materials market. While many initiatives remain early stage, the overall trend resulting from this legal framework is expected to be positive.

Despite the delays witnessed in the market, the interest in our solutions remained strong. We ended 2025 with a record order book and project pipeline. For most of the delayed projects, our preferred position as selected vendor remained in place. During 2025 we continued execution of key projects and progressed

several strategic opportunities in our pipeline, supporting our clients with equipment and services to use our solutions sustainably and efficiently.

In 2025 we continued to expand our spares and services business. We supported clients with spares packages, renovation services and operational support to keep dredging and processing equipment in operation, and we continued to grow our engineering and advisory services offering. In the urban mining (recovering metals from bottom ash) segment we further developed our market presence, building on successful reference operations of Royal IHC's high recovery jig technology in the Netherlands. We secured an order for a small, containerised pilot plant and expect to book a larger order in 2026.

The deep sea mining market continued to await clarity on rules and regulations from the International Seabed Authority (ISA). Although there is activity, our clients generally expect projects to progress and their ability to finance their operations to improve only when this regulation becomes clear.

Defence

International geopolitical developments continue to drive European nations to ramp up their defence budgets. The conflict in Ukraine enters into its 5th year without signs of early resolution. With new developments around Iran and the Strait of Hormuz conflicts in the Middle East have intensified. Additionally we see an increased demand for military capacity from within the NATO partnership. In response, the majority of EU governments have pledged substantial increases in defence spending to fulfil needs for humanitarian, economic, and military aid.

During the 2025 NATO summit in The Hague nations committed to a structural raise to 5% of GDP for the defence budget. For the Netherlands this will result in a structural defence budget increase of €5 billion annually starting in 2026. 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 and Middle East underscore the fact that peace and security are not guaranteed and that, on top of the fleet expansion program, an uptime improvement program of the existing fleet will be implemented with immediate effect.

IHC Defence is well positioned to serve this growth market. An important recognition to Royal IHC's capabilities in the defence market was given by the partnership with French Naval Group for construction of the ORKA class submarines for the Royal Netherlands Navy (RNLN). In June 2025 IHC Defence signed a framework agreement with Naval Group. This framework agreement laid down the fundament for the further cooperation with Naval Group during the construction of the submarines. Delivery of the first submarines is planned for 2034. Royal IHC, as one of the main subcontractors of Naval Group in the Netherlands, will play a significant role in the construction of modules for the new submarines.

New-build vessel development for defence market is focussed on requirements of the Dutch Navy. IHC Defence participates in a cooperation program that is set up to replace existing support vessels of the Dutch Navy. Royal IHC's role in this project involves the construction of seagoing vessels, that will be designed, outfitted and commissioned at Royal IHC's facilities. Although the timing is not yet confirmed, contracting for this program is expected over the next few years. Additionally, Royal IHC is bidding for small to medium sized, specialised vessels in support of the fleet expansion of the Dutch Navy.

Royal IHC continues to perform various docking support and maintenance jobs on the fleet of support vessels and IHC has performed a midlife upgrade of a patrol vessel within its own facilities in Krimpen aan den IJssel and Kinderdijk, leveraging existing capabilities within Royal IHC.

At the marine base in Den Helder IHC Defence is setting up a service point to improve service delivery to DMI (Directie Materiële Instandhouding), the maintenance organisation of the Dutch Navy. Also, IHC

Defence is a partner in MMV (Maritime Maintenance Valley) which is a combination of major industrial parties aiming to support efficient maintenance cycles for navy vessels improving operational availability.

IHC Defence is performing various Research and Innovation projects for the Dutch navy through Command Material and IT (COMMIT) and various Dutch and European Defence Innovation initiatives. IHC's focus is on high sea state and complex material handling, launch and recovery systems and safeguarding critical underwater infrastructure. The deployment of IHC's existing R&D program for seabed crawler technology combined with Unexploded Ordnance (UXO) clearance partnerships resulted in a prize winning concept for clearing ammunition dumps in Swiss lakes.

Safety, Health and Environment (SHE)

Creating a safe place to work where there is no harm to people, assets and the environment remains a key leadership responsibility at Royal IHC. These principles are embedded in our I-CARE (I Create A Right Environment) Programme, which aims to ensure that everyone involved in our activities returns home safe every day. In 2025, continued emphasis was placed on leading by example, strengthening safety awareness and learning from incidents within a just culture.

To further put leading by example into practice, Royal IHC continued Senior Leadership workplace visits throughout 2025. These visits are intended to connect management with the workforce on SHE-related topics while identifying opportunities for improvement at yards, workshops and project locations. In 2025, the Senior Leadership Team completed around 70 safety visits, with participation expanded to include members of the Supervisory Board. These interactions reinforced shared responsibility for safety and provided valuable insights across operational areas.

Communication on incidents and related lessons learned continued to receive attention in 2025. Regular safety updates were shared across the organisation to promote awareness and learning from incidents and near misses. In addition, new targets were introduced for Toolbox Talks and Workplace Inspections, with an execution target of 80% as planned, to ensure that safety instructions and supervision remain structurally embedded in daily operations.

To ensure that SHE commitments are translated into consistent work practices, Royal IHC continued to maintain and apply its SHE Management System. Relevant policies, procedures and work instructions remain centrally available to all Royal IHC colleagues through a user-friendly internal platform. This supports a common SHE standard across the organisation and contributes to operational excellence and compliance with internal and external expectations.

Over the course of 2025, Royal IHC recorded a Total Recordable Injury Frequency (TRIF) of 7.2 cases per 1 million working hours, compared to 6.7 in 2024. The reporting of near misses and safety observations supports ongoing learning and awareness. The number of Lost Time Injuries (8 hours or more) increased to 21 (2024: 15). The Lost Time Injury Frequency (LTIF) increased to 5.9 cases per 1 million working hours (2024: 5.0). This increase occurred in a year with higher exposure hours, reflecting an upward trend in operational activity.

Analysis of incident trends confirmed that lifting activities had been a significant contributor to Lost Time Injuries in the prior year. In response, lifting and hoisting were designated as a key focus area in 2025. A targeted safety campaign was launched, including hands-on demonstrations at Dutch locations and organisation-wide sharing via video. As a result, no lifting-related Lost Time Injuries were reported during 2025, demonstrating the effectiveness of this focused intervention.

Financing

In June 2025, Royal IHC concluded a refinancing that replaced the prior financing structure. This refinancing was a key step in stabilising the Company's financial position by extending maturities, securing committed guarantee capacity and aligning the financing structure with the Company's current business profile and risk appetite. The financing facilities that are in place as of 31 December 2025 are as follows:

Financing arrangements and guarantees

In June 2025, the Group has signed and agreed the new Guarantee and Financing Arrangement, which includes two bank guarantee facilities totalling €250 million, a Consortium Facility of €20 million, an extended HAL Loan (principal €30 million started in June 2023, amounting to €35 million with accrued interest as of June 2025), and access to a HAL Standby Facility of €40 million. Royal IHC and certain subsidiaries have provided guarantees to HAL and Atradius for obligations arising under these facilities. As at the reporting date, Royal IHC complied with all existing covenants.

<i>In thousands of euros</i>	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			

Bank Facility: guarantees issued and securities

In June 2025, the Group entered into the Senior Recourse Agreement (SRA) with HAL Investments B.V. and Atradius Dutch State Business N.V., supported by the Dutch State guarantee. This agreement replaced the previous Senior Facilities Agreement and governs the issuance and management of bank guarantees for major projects. The facilities are essential for securing performance obligations under shipbuilding contracts and advance payment guarantees.

Based on the SRA, the Bank Guarantee facilities as from 3 June 2025 are as follows:

<i>In thousands of euros</i>	Available per 3 June 2025	Available per 31 December 2025	Drawn per 31 December 2025	Maturity date
Bank guarantee facilities (senior debt) - Boskalis	208,000	-	-	6 October 2025
Bank guarantee facilities (senior debt) - Covered	150,000	150,000	107,041	3 June 2030*
Bank guarantee facilities (senior debt) - Uncovered	100,000	100,000	56,252	3 June 2030*
Guarantee facilities	458,000	250,000	163,293	

- The Boskalis - bank guarantee expired upon the launch of the vessel, in accordance with the contractual terms governing the guarantee. As a result, the guarantee matured at 6 October 2025.
- The other 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 million guarantee and the €40 million HAL standby facility to Royal IHC. Royal IHC has signed several agreements with HAL Investments and the Dutch State which arrange, amongst others, securities provided by Royal IHC and the appointment of a representative by the Dutch State who will independently monitor and report to the Dutch State on certain matters. Royal IHC is required to consult the representative on material business or strategic changes.

* 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 in June 2030.

The Company has received approval for an additional €50 million ECA guarantee line and for the two-year extension of the existing facilities, extending the maturity of all corporate facilities to June 2030. The closing of the additional line and extension is subject to documentation and expected in the first half of 2026.

In May 2026, the Company received an additional ECA guarantee line for two dredgers (TSHDs) mentioned earlier. This guarantee line will mature at delivery of the second vessel.

As a result of the 2025 refinancing and the subsequent extension of existing and additional guarantee lines, Royal IHC's liquidity and guarantee position improved materially compared to 2024, providing a stable basis for project execution, order intake and future development. The structure, key terms, guarantees, covenants and related-party aspects of the financing arrangement are described in detail in the notes to the consolidated financial statements.

Financial

Revenue and result development

In 2025, revenue amounted to € 487.2 million (2024: € 436.4 million). The level of revenue reflects the continued execution of the order book and the progress made on major projects during the year.

External costs amounted to € 285.2 million in 2025 (2024: € 262.4 million). These expenses represented 58.5% of revenue (2024: 60%). The development of external costs relative to revenue is mainly attributable to the project mix and the level of subcontracting required to support the Group's operational activities.

Employee expenses amounted to € 198.6 million in 2025 (2024: € 181.8 million). The increase compared to the prior year was mainly driven by the overall activity level of the Group, including the use of temporary personnel to support project execution, and partly by the impact of collective labour agreement (CAO) wage increases. Employee expenses as a percentage of revenue amounted to 40.8% in 2025, compared to 42% in 2024.

No material disposals of significant assets occurred during 2025.

The result from operating activities, adjusted for depreciation and impairment of property, plant and equipment and amortisation and impairment of intangible assets (EBITDA), amounted to € 3.0 million in 2025 (2024: € 1.4 million). The development of EBITDA reflects the combined effect of higher revenue levels, a lower relative level of external costs and continued focus on cost control and project execution performance.

Order book

The order book as at 31 December 2025 stood at € 546.3 million, compared to € 397.3 million as at 31 December 2024, representing an increase of 37.5% compared to the prior year. Order intake during 2025 amounted to € 638.9 million, compared to € 384.9 million in 2024, corresponding to an increase of 66.0% year-on-year.

Working capital and balance sheet position

As at 31 December 2025, working capital amounted to minus € 38.0 million, compared to minus € 5.9 million as at 31 December 2024. 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.

The Group's liquidity position remained adequate in 2025. The current ratio amounted to 1.11 as at 31 December 2025, compared to 1.25 at the end of 2024, indicating that current assets continue to be sufficient to meet short-term obligations. The solvency ratio (equity as a percentage of total assets) amounted to 20% (2024: 26%). The solvency ratio reflects the balance between the Group's operational performance, financing structure and the development of equity during the year.

Overall, the balance sheet position at the end of 2025 demonstrates a stable financial position, taking into account the project-driven nature of the Company's activities, the associated working capital dynamics and the ongoing focus on liquidity management and financial resilience.

Research and development

In 2025, Royal IHC continued to invest in knowledge- and technology-driven research and development, product development and product maintenance to strengthen its position across its core markets. Continuous innovation remains essential to the delivery of complex, high-end equipment and services and to meeting increasing customer requirements related to efficiency, safety, sustainability and operational reliability. R&D activities are carried out across multiple areas within the Company.

Royal IHC's specialist in-house R&D organisation is responsible for Corporate Research & Development and focuses on the development, preservation and application of knowledge and design tools that support product development and commercial activities. Responsibility for order-related innovation and product maintenance lies with the commercially operating Product Market Groups and Business Units, ensuring close alignment between innovation activities and customer needs.

In 2025, Royal IHC reviewed its R&D activities and defined a new four-year Research & Development programme for the period 2025–2028. This programme was developed in close collaboration with stakeholders across the organisation and aligned with Product Management. Annually, Royal IHC invests approximately 2% of its revenue in activities directed towards innovation.

Key areas of focus during the year included further development of alternative fuel applications, automation and control systems, data gathering and usage, and improvements in the operational efficiency of equipment. Royal IHC continued to participate in several external (partly subsidised) R&D programmes, collaborating with customers, 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 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 the 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 thrives 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.

Quality Assurance and Risk Management

Quality Assurance (QA) plays a key role in embedding effective risk management across Royal IHC. QA provides the governance framework that connects strategy, policies, contracts and project execution, ensuring that risks are systematically identified, assessed, mitigated and monitored throughout the organisation.

Royal IHC's Quality Management System is based on internationally recognised standards, including ISO 9001 and ISO 31000, and is further strengthened by specific quality assurance requirements for defence and high risk projects. Through process governance, internal and external audits, management reviews

and continuous improvement activities, QA supports management in maintaining control over operational, contractual, compliance and reputational risks. QA operates independently from project execution and production, providing objective assurance on the effectiveness of controls and the maturity of risk management practices. By doing so, QA contributes to predictable project delivery, compliance with customer and regulatory requirements and the long term resilience of Royal IHC.

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 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 refer 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. In particular, construction activities involve elevated risks due to heavy lifting operations, work carried out by large numbers of employees and contractors, and activities that require extensive preparation and strict controls, such as welding and grinding, lifting operations, and working in confined

spaces. 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 the 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 required to reduce residual risk to an acceptable level.

As part of this process, geopolitical developments, including the situation in the Middle East, are taken into account where relevant, given their potential impact on supply chains, logistics, market access and contractual performance. Where possible, such risks are mitigated through careful contract structuring with customers and suppliers, including appropriate risk allocation, contractual protections and ongoing monitoring during project execution.

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 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 minimise 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.

In this context, a focused compliance improvement program addressing intermediary due diligence was initiated in 2025. The objective this project is to strengthen control over intermediary relationships by performing a comprehensive, risk-based review of all active agents, ensuring that due diligence is up to date, implementing mitigating controls and renewing intermediary contracts in view of compliance with current policy requirements. The project aims to arrive at a complete and current population of approved intermediaries under up-to-date contracts that are subject to periodic monitoring going forward. Completion of the project is expected in the course of 2026. Upon completion, Royal IHC will embed the renewed controls into its regular compliance processes.

Royal IHC encourages speaking up and a culture of transparency. Questions or concerns about (unethical) 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, including the possibility to share concerns anonymously.

Fraud risks

In 2025, Royal IHC conducted an in-depth fraud risk assessment as part of its regular risk management and internal control process. The assessment was subsequently discussed in the Audit Committee meeting. After assessing the related controls, the impact of the internal control mechanisms on the identified fraud risks was determined, enabling Royal IHC to identify the residual risk. As a result of this process, the significant fraud risks are deemed to be sufficiently mitigated.

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. As part of this process, a penetration test was performed in 2025 by an external specialist to assess cyber security vulnerabilities, with identified misconfigurations being addressed through defined follow-up actions.

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 is exposed to market risks arising from foreign exchange rates and interest rates in the ordinary course of its business. The objective of managing these risks is to limit volatility in cash flows and results while operating within the risk parameters set by the Board of Management.

With respect to interest rate risk, Royal IHC follows a policy of ensuring that its exposure to interest rates on loans and borrowings is predominantly on a fixed-rate basis. As at 31 December 2025, all outstanding loans and borrowings carry fixed interest rates. In addition, Royal IHC seeks to optimise interest income on its credit bank balances by placing short-term deposits with reputable financial institutions.

Royal IHC is exposed to currency risk on revenues, purchases and borrowings denominated in currencies other than the respective functional currencies of its entities, primarily the euro. The Company manages this exposure by entering into forward exchange contracts, insurance contracts and options, generally with maturities of less than one year. Where necessary, forward exchange contracts are rolled over at maturity. The objective of this policy is to protect Royal IHC against adverse movements in foreign exchange rates affecting future cash flows.

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 at the heart of Royal IHC's success. Their commitment, expertise and craftsmanship enable us to design, build and service state-of-the-art vessels and equipment that help our customers improve operational efficiency and contribute to more sustainable maritime solutions.

In line with our strategy to build both in the Netherlands and abroad, 2025 marked a further step in the internationalisation of our workforce and HR policies. As Royal IHC continues to operate as a high tech systems supplier, HR plays a key role in supporting cross-border collaboration, mobility and the development of globally deployable skills, while remaining firmly anchored in strong local employment practices.

Royal IHC's employees are highly professional, technically skilled and deeply knowledgeable in their respective disciplines. We strive to create an optimal and safe working environment through competitive remuneration, well-defined employment conditions, robust social benefits and transparent governance. Performance management, clear goal setting and regular development conversations support individual contribution as well as organisational effectiveness.

Learning and development remain central to our people strategy. We are committed to strengthening knowledge, skills and craftsmanship across all levels of the organisation, recognising that continuous development is essential to remain competitive in a rapidly changing maritime sector. In 2025, we further developed structured training programmes, leadership development initiatives and cross-functional learning to promote multiskilling and internal mobility. A skills matrix covering multiple technical disciplines has been implemented as a foundation for targeted development programmes to address future capability needs.

In the context of the Maritime Masterplan and the Yard of the Future, Royal IHC intensified cooperation within the regional ecosystem. Through partnerships with educational institutions, industry peers and regional initiatives, we aim to jointly develop, attract and retain sufficient skilled craftsmen and technical professionals to secure a sustainable talent pipeline for the future.

Beyond professional development, the wellbeing and engagement of our employees remain a key priority. In 2025, we continued to invest in initiatives that support physical and mental health, sustainable employability and an inclusive working environment. These efforts included increased attention to mental health awareness, preventive health interventions and flexible working arrangements where appropriate. With a strong focus on people, safety, skills and inclusion, Royal IHC is building a resilient and future proof organisation. By investing in our employees today, we lay the foundation for long-term success and sustainable growth in the years ahead.

Sustainability

Royal IHC is committed to conducting its business in a responsible and sustainable manner and has an established sustainability policy. Social, governance and environmental topics continue to be of high importance, particularly in light of ongoing climate developments, evolving maritime regulations and geopolitical dynamics affecting global value chains. The foundation of Royal IHC's sustainability strategy is to be a reliable partner for sustainable innovation for its customers and other stakeholders. This is reflected in the Company's ability to design, build and maintain clean and efficient vessels and equipment, including the integration of alternative fuel solutions such as LNG, hydrogen and methanol, enabling customers to reduce their carbon footprint and prepare for increasingly stringent emissions regulations.

Building on the steps taken in previous years, Royal IHC has further structured its sustainability ambitions through a corporate sustainability roadmap. This roadmap was developed based on an analysis of megatrends, a materiality assessment and sector developments, and focuses on four key 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.

These themes guide sustainability-related decision-making across the organisation and support the integration of sustainability into both strategic and operational activities.

Royal IHC's sustainability efforts are concentrated across three main domains: products and services, operations and supply chain. In products and services, sustainability is addressed throughout the entire lifecycle of vessels, equipment and services, from design and production to operation, maintenance and retrofitting. This includes improving energy efficiency, reducing emissions and taking first steps towards greater circularity, such as the reuse and dedicated recycling of worn wear parts through the Company's foundry. In operations, Royal IHC continues to focus on how business activities are conducted, including the use of sustainable energy, waste reduction, process improvements and responsible employment practices, with the ambition to be a company that employees are proud to work for. Within the supply chain, Royal IHC works with suppliers to identify and apply more environmentally and socially sustainable alternatives, recognising that many sustainability impacts and opportunities lie beyond its direct operations.

Royal IHC recognises that achieving its sustainability ambitions requires collaboration throughout the value chain, from suppliers to customers and other partners. By actively seeking cooperation and partnerships within the broader ecosystem, Royal IHC aims to make steady progress towards more sustainable business practices while supporting customers in achieving their own sustainability objectives.

Corporate Sustainability Reporting Directive (CSRD)

In April 2025, the European Parliament decided to postpone the application of the CSRD reporting requirements by two years, meaning that these (modified) requirements will apply to Royal IHC from the 2027 reporting year onwards. Following the postponement, Royal IHC paused further implementation of CSRD reporting requirements in order to obtain clarity on the final scope and requirements, while continuing the collection of core sustainability data.

Outlook

With the refinancing in place since mid-2025, Royal IHC has put a solid foundation in place for the future. As reported in the subsequent events section of the annual report, the Company has received approval for an additional ECA guarantee line of € 50 million, and the extension of the facilities until June 2030 with closing expected in the first half of 2026. In May 2026, Royal IHC received a separate ECA guarantee line for two trailing suction hopper dredgers (TSHDs). Taking the additional guarantee line capacity into account, the Company will have access to a total financing package of more than € 400 million. This underscores the increased confidence that our financial stakeholders have in the Company's strategy, outlook and ability to deliver. The Company considers that these additional lines are required to meet the Company's business plan.

The significant growth in order intake booked during 2025, compared to 2024, is expected to continue into 2026 and 2027. Royal IHC will remain disciplined in selecting which opportunities to pursue. Based on

Royal IHC's current forecast, the Company expects an improvement in its net result compared to 2025 and anticipates a return to profitability in 2026, with moderate growth in absolute terms thereafter.

The Company's strategic focus has led to an increasingly diversified business, while building on common expertise in engineering, project management and technology, serving the dredging, offshore, mining and defence markets, which have different underlying macro trends and resulting market outlook (see market developments and projects in this report). Regarding its strategic pillars, Royal IHC expects the following:

Shipbuilding the Netherlands

At the yard in Krimpen aan de IJssel, Royal IHC is finalizing its large dredging vessel order, after which no further orders are expected at the moment. The Company is aiming to minimise under-recovery at the facility and is investigating strategic options for this yard, which represents the largest covered slipway in Europe. The Company has consolidated its activities at the facility in Kinderdijk. The yard is currently occupied with work for multiple clients, including substantial progress on the Beagle® 8 dredging vessel. The yard in Kinderdijk has a good outlook into early 2027 – after which new orders are expected to fill capacity. Orders are expected in the areas of services and a significant work scope is expected to be booked for the PMG Defence. Also, the yard in Kinderdijk is well positioned for customers who require a shorter delivery time for their vessels.

Shipbuilding abroad

Royal IHC is constructing two cable lay vessels and one small dredging vessel at two partner yards in Vietnam. The Company has just signed an order for an Easydredge vessel which will be built at the yard in Nam Trieu. Also, the Company is negotiating the construction of two additional dredging vessels with the yard. Royal IHC expects the market for cable lay vessels to remain active and will be targeting new orders in this segment. The build abroad capability is benefiting from the learning curve of the first orders, that will be delivered during 2026. The Company expects to leverage its position in a low-cost construction environment and expects to continue to compete in the global market. The cable lay market is expected to grow, partly driven by replacement of old equipment by more efficient and modern systems.

Equipment

Royal IHC will continue to focus on innovating and improving its product mix. It considers that vessel construction is increasingly commoditised, but integrating equipment and systems with vessels remains a critical component in our overall value proposition. Reliability of this equipment combined with the positive life-time economics are very important to our customers and this is where Royal IHC stands out from the competition. The Company expects the demand in dredging design and components packages to remain steady across a wide geography of markets. In addition to industrial development strategies, where state-owned customers prefer working with local yards, supported by Royal IHC's engineering and equipment. The dredging market is also expected to benefit from countries seeking to become independent in dredging capability and capacity, which is increasingly seen as a strategic asset. Also, global warming is expected to generate future demand for coastal protection.

Standard dredging vessel demand also seems to be impacted by the geopolitical situation at present, where clients may hold off from investment decisions until the current uncertainty is resolved. Orders for spares in the dredging market are expected to decrease year-on-year in the short run, also driven by geopolitics. But thereafter the Company expects the demand to return to normal when operators resume dredging activities. Demand for services are expected to grow significantly, mostly in the offshore equipment market, where customers are looking for life-time extensions and vessel upgrades in order to

make their vessels more versatile, enhancing flexibility in which markets can be served (such as offshore wind). On the back of the recent order intake for state of the art cable lay vessels, Royal IHC also expects the demand for cable lay equipment to remain strong. In the mining market, the Company has a strong value proposition for serving its customers. The diversification drive in obtaining access to rare earths and critical minerals is expected to generate additional demand for Royal IHC's custom-made engineering solutions.

In Defence, the Company anticipates additional order intake for specialised equipment, vessels and maintenance services. The current geopolitical situation is expected to lead to build-up of significantly enhanced defence capabilities. As a result, Royal IHC's market for Defence is expected to go through transformational growth over the next five years, albeit starting today at a relatively low pace. The Company has set up a dedicated Defence organisation that interfaces with the equipment and custom vessel PMGs for project execution. This structure enables Royal IHC to leverage its existing production capacity while effectively integrating defence specific requirements.

The current geopolitical situation may further impact Royal IHC's business. Risks may materialize through decreased demand for the Company's products. Supply chain disruptions may lead to unavailability of materials and equipment and could cause another inflationary wave, impacting the Company's cost base. Global trade wars could cause significant disruption in the ability to compete, although Royal IHC has a globally diversified customer and supply base.

Based on the current market outlook, order book and the full year forecast, Royal IHC foresees an increase in order intake and continued improvement of results into 2026 and 2027. Management's most recent cash flow forecast up to December 2027 demonstrates sufficient liquidity for the forecast period. Based on current assumptions and considering the completed refinancing in June 2025 which provides for new guarantees, extended and additional loan facilities and a new standby facility up to EUR 40 million secured until June 2030, management believes that there is sufficient basis for applying the going concern assumption and therefore the financial statements have been prepared on a going concern basis.

Kinderdijk, 12 May 2026

The Board of Management:

D.W. te Bokkel, CEO

B.J. ter Riet, COO

B.J. Dijkstra, CFO

Financial Statements 2025

Consolidated statement of profit or loss for the year ended 31 December 2025

(In € 1,000)	<u>Note</u>	<u>2025</u>	<u>2024</u>
Revenue	7	487,156	436,417
Other income	8	700	10,118
Operating income		487,856	446,535
External costs		285,172	262,425
Employee expenses	9	198,578	181,795
Depreciation and impairment of property, plant and equipment, right-of-use assets and investment property	10/16	11,434	9,668
Amortisation and impairment of intangible assets	11/18	544	4,356
Impairment loss on trade receivables and contract assets	32	1,143	568
Other expenses	12	-	387
Operating expenses		496,871	459,199
Result from operating activities		-9,015	-12,664
Finance income	14	1,008	2,655
Finance expenses	14	-10,994	-18,461
Net finance expenses	14	-9,986	-15,806
Share of result of equity accounted investees, net of tax	19	-291	-
Profit/ (loss) before income tax		-19,292	-28,470
Income tax expense	15	-5,569	-4,920
Profit / (loss) for the period		-24,861	-33,390
Profit / (loss) attributable to:			
Owners of the Company		-24,861	-33,390
Non-controlling interests		-	-
		-24,861	-33,390

Consolidated statement of comprehensive income for the year ended 31 December 2025

(In € 1,000)	<u>Note</u>	<u>2025</u>	<u>2024</u>
Profit / (loss) for the period		-24,861	-33,390
Other comprehensive income			
<i>Items that will never be reclassified to profit or loss</i>			
Effect of revaluation of land	15/16	4,486	2,378
Reassessment revaluation of land prior years	15/25	410	-
		<u>4,896</u>	<u>2,378</u>
<i>Items that are or may be reclassified to profit or loss</i>			
Foreign currency translation differences for foreign operations		-1,726	81
Effective portion of changes in fair value of cash flow hedges		844	-433
		<u>-882</u>	<u>-352</u>
Other comprehensive income for the period, net of income tax		<u>4,014</u>	<u>2,026</u>
Total other comprehensive income for the period		<u>-20,847</u>	<u>-31,364</u>
Total other comprehensive income attributable to:			
Owners of the Company		-20,847	-31,364
Non-controlling interests		-	-
Total other comprehensive income for the period		<u>-20,847</u>	<u>-31,364</u>

Consolidated statement of financial position as at 31 December 2025

(before appropriation of result)

(In € 1,000)	<u>Note</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
<u>Assets</u>			
Property, plant and equipment	16	131,126	121,647
Investment property	17	1,528	1,528
Intangible assets and goodwill	18	5,018	5,467
Investments in equity accounted investees	19	-	291
Deferred tax assets	27	1,386	1,421
Other non-current financial assets	20	1,265	703
Non-current assets		140,323	131,057
Contract assets	22	19,607	16,695
Inventories	21	93,722	90,630
Current tax receivables	29	1,669	1,572
Trade and other receivables	23	115,518	111,252
Cash and cash equivalents	24	67,311	63,333
Current Assets		297,827	283,482
Total Assets		438,150	414,539
<u>Group Equity</u>			
Share capital	25	460,604	460,604
Share premium reserve	25	72,307	72,307
Reserves	25	-419,839	-390,463
Unappropriated result	25	-24,861	-33,390
Total equity attributable to equity holders of the Company		88,211	109,058
Non-Controlling interest	33	-27	-27
Total Group Equity		88,184	109,031
<u>Liabilities</u>			
Loans and borrowings	26	56,239	37,566
Provisions	30	7,686	23,812
Deferred tax liabilities	27	5,748	1,221
Other liabilities	28	11,774	16,832
Total non-current liabilities		81,447	79,431
Contract liabilities	21	132,019	83,096
Current portion of loans and borrowings	26	-	-
Current tax liabilities	29	474	525
Trade and other payables	31	128,546	135,254
Provisions	30	7,480	7,202
Total current liabilities		268,519	226,077
Total liabilities		349,966	305,508
Total Group equity and liabilities		438,150	414,539

Consolidated statement of changes in equity for the year ended 31 December 2025

Year ended 31 December 2025

(In € 1,000)

	Reserves							Unappropriated result	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
	Share capital	Share premium reserve	Currency translation reserve	Hedging reserve	Cost of hedging reserve	Revaluation reserve	Other reserves				
<u>Balance as at 1 January 2025</u>	460,604	72,307	-10,331	-1,363	-	29,473	-	-33,390	109,058	-27	109,031
Total comprehensive income for the period											
Appropriation of result	-	-	-	-	-	-	-33,390	33,390	-	-	-
Result	-	-	-	-	-	-	-	-24,861	-24,861	-	-24,861
Revaluation of land	-	-	-	-	-	4,486	-	-	4,486	-	4,486
Reassessment revaluation prior years	-	-	-	-	-	-2,521	2,931	-	410	-	410
Net effect of sold assets	-	-	-	-	-	-	-	-	0	-	-
Effective portion of changes in fair value of cash flow hedges	-	-	-	844	-	-	-	-	844	-	844
Foreign currency translation differences for foreign operations	-	-	-2,232	-	-	-	506	-	-1,726	-	-1,726
<u>Balance as at 31 December 2025</u>	460,604	72,307	-12,563	-519	-	31,438	-	-24,861	88,211	-27	88,184

Year ended 31 December 2024

(In € 1,000)

	Reserves										
	Share capital	Share premium reserve	Currency translation reserve	Hedging reserve	Cost of hedging reserve	Revaluation reserve	Other reserves	Unappropriated result	Total equity attributable to owners of the Company	Non-controlling interests	Total equity
<u>Balance as at 1 January 2024</u>	<u>460,604</u>	<u>72,307</u>	<u>-10,412</u>	<u>-930</u>	<u>-</u>	<u>27,095</u>	<u>-529,836</u>	<u>121,594</u>	<u>140,422</u>	<u>-27</u>	<u>140,395</u>
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	-	-	-	-	-	-	-	-	0	-	0
Effective portion of changes in fair value of cash flow hedges	-	-	-	-433	-	-	-	-	-433	-	-433
Foreign currency translation differences for foreign operations	-	-	81	-	-	-	-	-	81	-	81
<u>Balance as at 31 December 2024</u>	<u>460,604</u>	<u>72,307</u>	<u>-10,331</u>	<u>-1,363</u>	<u>-</u>	<u>29,473</u>	<u>-408,242</u>	<u>-33,390</u>	<u>109,058</u>	<u>-27</u>	<u>109,031</u>

Consolidated statement of cash flows for the year ended 31 December 2025

(In € 1,000)

	Note	2025	2024
Profit / (loss) for the period		-24,861	-33,390
<i>Adjustments for:</i>			
Depreciation, amortisation and impairment expenses	16/17/18	11,978	14,024
Share of result of equity accounted investees	19	291	-
Loss / (gain) on disposal of group companies	8	-700	-10,118
Net interest expense	14	9,985	15,806
Income tax expense	15	5,569	4,920
Changes in provisions	21/30/32	-6,948	-7,292
		-4,686	-16,050
Interest paid		-5,896	-1,512
Interest received		1,249	-
Income tax (paid) / received		-711	-204
Net cash flow generated in operating activities (excluding changes in working capital)		-10,044	-17,766
Changes in working capital:			
- Inventories	21	-14,081	11,198
- Contract assets	22	-2,912	30,090
- Trade and other receivables	23	-4,538	-47,936
- Contract liabilities	22	48,923	-9,537
- Trade and other payables	31	-10,762	-3,963
Changes in working capital		16,630	-20,148
Net cash flow received / used in operating activities		6,586	-37,914
Acquisitions of intangible assets and property, plant and equipment			
Proceeds from disposals of group companies, net of cash disposed	16/17/18	-8,843	-9,346
Proceeds of loans and receivables		-	12,667
		-	1,109
Net cash flow generated from investing activities		-8,843	4,430
Additions to loans and borrowings	26	21,346	-
Repayment of loans and borrowings	26	-11,000	-3,100
Payment of lease liabilities	28	-4,088	-4,038
Net cash flow from financing activities		6,258	-7,138
Net increase / (decrease) in cash and cash equivalents		4,001	-40,622
Cash and cash equivalents as at 1 January		63,333	104,636
Movements in net cash and cash equivalents		4,001	-40,622
Effect of exchange rate fluctuations on cash held		-23	-681
Cash and cash equivalents as at 31 December		67,311	63,333

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 Continuïteit IHC and B.V. Finance Continuïteit 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 2025, which ended at the balance sheet date of 31 December 2025.

Going concern

Royal IHC foresees an increase in order intake and continued improvement of results into 2026 and 2027. Management’s most recent cash flow forecast up to December 2027 demonstrates sufficient liquidity for the forecast period. Based on current assumptions and considering the completed refinancing in June 2025 which provides for new guarantees, extended and additional loan facilities and a new standby facility up to EUR 40 million secured until June 2030, management believes that there is sufficient basis for applying the going concern assumption and therefore the financial statements have been 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 on 12 May 2026.

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 7 – 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 2025 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 21 / 22 – measurement of inventories and contract assets and liabilities;
- Note 7 / 22 – assessment on contract modification and assumptions on the expected result on contract assets and liabilities;
- Note 16 – impairment test of tangible fixed assets;

- Note 18 – impairment test of intangible fixed assets and goodwill: key assumptions underlying recoverable amounts, including the recoverability of development costs;
- Note 23 – measurement of trade and other receivables;
- Note 27 – recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
- Note 30 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources; and
- Note 32 – 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 32 – financial instruments.

5. Changes in accounting policies

The Group did not have any changes to its accounting policies from those applied in the consolidated financial statements as at and for the year ended 31 December 2025.

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 32). 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 32 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 32 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 derivative; 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 amortisation 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 amortisation 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.

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 contribution 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 in 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.

6.18 Trade and other payables

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.

6.19 Revenue

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 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 things, equipment utilisation 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 financing 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 2025 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.

- Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7); and
- Contracts Referencing Nature-dependent Electricity (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. Revenue

Revenue of the Group can be specified as follows:

(In € 1,000)	<u>2025</u>	<u>2024</u>
Revenue from contracts with customers	485,179	428,567
Revenue from rental contracts	1,977	7,850
	<u>487,156</u>	<u>436,417</u>

Revenue from contracts with customers

Disaggregation of revenue

(In € 1,000)	<u>2025</u>	<u>2024</u>
Major products / service lines:		
Revenue from construction contracts	308,875	254,688
Revenue from sale of goods	108,699	129,832
Revenue from rendering of services	67,605	44,047
	<u>485,179</u>	<u>428,567</u>

Timing of revenue recognition:

Products and services transferred at a point in time	128,245	142,907
Products and services transferred over time	356,934	285,660
	<u>485,179</u>	<u>428,567</u>

8. Other income

Other income of the Group can be specified as follows:

(In € 1,000)	<u>2025</u>	<u>2024</u>
Gain on sale of (special purpose) group company	700	10,118
	<u>700</u>	<u>10,118</u>

The amount of € 10.2 million for the year 2024 is related to the sale of the gravel dredger DC Orisant by selling the shares of the (ringfenced special purpose) group company which owned the vessel. The amount of € 0.7 million for the year 2025 is related to a tax related settlement regarding the divestment of the IQIP Group.

9. Employee expenses

Employee expenses of the Group can be specified as follows:

(In € 1,000)	<u>2025</u>	<u>2024</u>
Wages and salaries	136,402	126,687
Social security costs	19,505	18,440
Pension costs	13,347	13,011
Hired personnel	<u>29,324</u>	<u>23,657</u>
	<u>198,578</u>	<u>181,795</u>

The employee expenses increased as a result of the use of additional temporary workers to match the increase in the activity level in 2025. The number of personnel (full time equivalent) at year-end can be categorised as follows:

	<u>2025</u>	<u>2024</u>
Direct	1,261	1,274
Indirect	<u>495</u>	<u>445</u>
	<u>1,756</u>	<u>1,719</u>

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

During 2025, approximately 515 full time equivalents were employed outside of the Netherlands (2024: 501 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 increased from 113.1% as at 31 December 2024 to 120.1% as at 31 December 2025. 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.

10. 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:

(In € 1,000)	Note	2025	2024
Depreciation Property, plant and equipment	16	6,672	6,822
Depreciation Right-of-use assets	16	3,601	3,050
Impairment Property, plant and equipment	16	1,161	-
Reversal of impairment property, plant and equipment	16	-	-204
		11,434	9,668

11. Amortisation and impairment of intangible assets

Amortisation and impairment of intangible assets is specified as follows:

(In € 1,000)	Note	2025	2024
Amortisation	18	544	4,000
Impairment	18	-	356
		544	4,356

12. Other expenses

Other expenses of the Group can be specified as follows:

(In € 1,000)	2025	2024
Advisor fees	-	387
	-	387

13. Research & development expenses and government grants

Research & development expenses, net of grants received, amounted to € 7.1 million (2024: € 7.5 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 4% (2024: 5%) of revenues.

The Group has recognised government grants for a total of € 1.3 million in the statement of profit or loss (2024: € 1.4 million) from governmental programmes to encourage research & development, innovation in the shipping industries and education of employees.

14. Net finance expense

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

(In € 1,000)

	2025	2024
Finance income		
Long term receivables	15	57
Interest income on short-term bank deposits	825	2,512
Other interest income	168	86
Finance income	<u>1,008</u>	<u>2,655</u>
Finance expenses		
Interest expense on loans and borrowings at amortized cost	-7,353	-12,666
Order related interest expenses	-610	-2,038
Interest on lease liabilities	-609	-461
Bank charges	-47	-44
Net foreign exchange loss	-1,544	-2,576
Transaction costs	-232	-
Other interest expenses	-599	-675
Finance expenses	<u>-10,994</u>	<u>-18,461</u>
Net finance expense	<u><u>-9,986</u></u>	<u><u>-15,806</u></u>

The line item "interest expense on loans and borrowings at amortized cost" includes an amount of €0.3 million (2024: € 6.4 million) related to guarantees provided by HAL Investments B.V.

15. Income tax (expense) / income

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

(In € 1,000)	<u>2025</u>	<u>2024</u>
Current tax (expense) / income		
Current year	-2,092	-1,644
Adjustments prior year	-	-
	<u>-2,092</u>	<u>-1,644</u>
Deferred tax (expense) / income		
Origination and reversal of temporary differences	-3,477	-3,276
	<u>-5,569</u>	<u>-4,920</u>

Reconciliation of effective tax rate

(In € 1,000)	<u>2025</u>	%	<u>2024</u>	%
Loss before income tax	<u>-19,292</u>		<u>-28,470</u>	
Income tax using the Company's domestic tax rate	4,977	25.8	7,345	25.8
Effect of tax rates in foreign jurisdictions	640	3.3	405	1.4
Current-year losses for which no deferred tax asset is recognized	-10,409	-54	-15,302	-53.7
Prior year adjustments	-777	-4	-	-
Tax exempted results from sales of subsidiaries and results from equity accounted investees*	-	-	2,632	9.2
	<u>-5,569</u>	<u>-28.9</u>	<u>-4,920</u>	<u>-17.3</u>

* Tax exempted results in 2024 relate to the sale of shares of the special purpose company; see details in Note 8

Reconciliation other comprehensive income

(In € 1,000)	<u>2025</u>			<u>2024</u>		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Effect of revaluation of land	6,046	-1,560	4,486	3,170	-792	2,378
Reassessment revaluation of land prior years	410		410	-	-	-
Foreign currency translation differences for foreign operations including hedge of net investments	-1,726	-	-1,726	81	-	81
Effective portion of changes in fair value of cash flow hedges	1,137	-293	844	-545	112	-433
Total	<u>5,867</u>	<u>-1,853</u>	<u>4,014</u>	<u>2,706</u>	<u>-680</u>	<u>2,026</u>

16. Property, plant and equipment

(In € 1,000)

	<u>2025</u>	<u>2024</u>
Property, plant and equipment	119,386	109,603
Right-of-use assets	11,740	12,044
	<u>131,126</u>	<u>121,647</u>

Property, plant and equipment

(In € 1,000)	Land	Docks, slipways, business premises	Plant and Machinery	Rental Equipment	Other operating fixed assets	Assets under construction	Total
<u>Balance as at 1 January 2025</u>							
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	<u>54,254</u>	<u>31,026</u>	<u>14,670</u>	<u>2,563</u>	<u>2,384</u>	<u>4,706</u>	<u>109,603</u>
<u>Movements 2025</u>							
Additions	-	949	972	1,219	610	5,002	8,752
Disposals	-	-	-10	-	-	-	-10
Depreciation	-	-3,153	-2,689	-192	-638	-	-6,672
Impairment losses	-	-	-1,161	-	-	-	-1,161
Revaluation	6,046	-	-	-	-	-	6,046
Other movements	-1	4,579	16	2,974	94	-4,581	3,081
Effect of movements in exchange rates	-	32	-90	-151	-43	-1	-253
	6,045	2,407	-2,962	3,850	23	420	9,783
<u>Balance as at 31 December 2025</u>							
Cost	60,299	112,963	82,417	9,627	20,519	5,126	290,951
Accumulated depreciation and impairment losses	-	-79,530	-70,709	-3,214	-18,112	-	-171,565
Carrying amount	<u>60,299</u>	<u>33,433</u>	<u>11,708</u>	<u>6,413</u>	<u>2,407</u>	<u>5,126</u>	<u>119,386</u>

(In € 1,000)	Land	Docks, slipways, business premises	Plant and Machinery	Rental Equipment	Other operating fixed assets	Assets under construction	Total
<u>Balance as at 1 January 2024</u>							
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	<u>50,857</u>	<u>22,725</u>	<u>28,260</u>	<u>40,398</u>	<u>3,426</u>	<u>2,748</u>	<u>148,414</u>
<u>Movements 2024</u>							
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
	<u>3,397</u>	<u>8,301</u>	<u>-13,590</u>	<u>-37,835</u>	<u>-1,042</u>	<u>1,958</u>	<u>-38,811</u>
<u>Balance as at 31 December 2024</u>							
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	<u>54,254</u>	<u>31,026</u>	<u>14,670</u>	<u>2,563</u>	<u>2,384</u>	<u>4,706</u>	<u>109,603</u>

Land

In 2025, the total revaluation amounts to € 6.0 million based on market value assessments performed by a third party expert. The revaluation resulted in a € 4.5 million increase in the revaluation reserve (€ 4.5 million net of income tax).

In 2024, the total revaluation amounts to € 3.4 million based on market value assessments performed by a 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.

The carrying amount that would have been recognised had the land been carried under the cost model, is € 17.9 million (2024: € 17.9 million).

Impairments

The Group has assessed whether any impairment triggers exist for its property, plant and equipment using internal and external sources of information. In 2025, the Group recognised an impairment loss of € 1.2 million related to a Tailings Slurrification Unit (TSU). The impairment was determined by comparing the carrying amount of the asset with its recoverable amount, which was assessed based on a value-in-use calculation. The value in use was derived from the present value of expected future rental income over the remaining economic life of the asset.

Based on current market expectations and development of unit and yard results, there are no indications for other impairments. The Group has not incurred any impairment loss in 2024.

Other movements

In 2025 the following assets have been transferred from stock: TSU of € 2.1 million and OTTer of € 0.9 million. In 2024 and 2025 assets under construction that were completed during these years were moved to docks, slipways, business premises, 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 in 2024. No such event occurred during 2025.

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 2025 was € 2.0 million (2024: € 7.9 million), decrease in 2025 is primarily due to the sale of the gravel dredger DC Orisant.

Right-of-use assets

(In € 1,000)

	Business premises	Other leases	Total
<u>Balance as at 1 January 2025</u>			
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
<u>Movements 2025</u>			
New leases	479	2,402	2,881
Changes to current lease contracts	1,594	-857	737
Depreciation	-2,609	-992	-3,601
Effect of movements in exchange rates	-321	-	-321
	-857	553	-304
<u>Balance as at 31 December 2025</u>			
Cost	20,866	6,378	27,244
Accumulated depreciation and impairment losses	-13,006	-2,498	-15,504
Carrying amount	7,860	3,880	11,740

(In € 1,000)

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

Amounts recognized in the profit and loss account

(In € 1,000)

	<u>2025</u>	<u>2024</u>
Depreciation right-of-use assets	3,601	3,050
Interest on lease liabilities	603	461
Total in profit and loss account	<u>4,204</u>	<u>3,511</u>

Amount recognized in statement of cash flow

(In € 1,000)

	<u>2025</u>	<u>2024</u>
Total cash outflow for leases under IFRS 16	4,088	4,499

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 € 0.9 million (2024: € 1.3 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.

17. Investment property

(In € 1,000)	Real estate and other assets not in use for business activities
Balance as at 1 January 2024	272
Movements 2024	
Reclassification to assets held for sale	1,256
Impairment	-
Balance as at 31 December 2024	1,528
Movements 2025	
Impairment	-
Balance as at 31 December 2025	1,528

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 reclassified to Investment property in 2024.

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 receipts under non-cancellable leases amount to € 0.1 million (2024: € 0.1 million).

18. Intangible assets and goodwill

(In € 1,000)	Development costs	Software	Trade name	Customer relations	Technology	Goodwill	Total
<u>Balance as at 1 January 2025</u>							
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

Movements 2025

Additions	-	91	-	-	-	-	91
Amortisation	-35	-509	-	-	-	-	-544
Impairment losses	-	-	-	-	-	-	-
Other movements	-	7	-	-	-	-	7
Effect of movements in exchange rates	-	-3	-	-	-	-	-3
	-35	-414	-	-	-	-	-449

Balance as at 31 December 2025

Cost	17,419	48,136	-	-	-	4,764	70,319
Accumulated amortisation and impairment losses	-17,419	-46,766	-	-	-	-1,116	-65,301
Carrying amount	-	1,370	-	-	-	3,648	5,018

(In € 1,000)	Development costs	Software	Trade name	Customer relations	Technology	Goodwill	Total
<u>Balance as at 1 January 2024</u>							
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	-2,510	-	-	-	-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

Recoverability of development costs

The Group carries no asset value from capitalised development costs as it considers that sudden changes in market perception could lead to full impairment. As such, these costs are expensed in the year incurred.

Impairments

In 2025 the Group incurred an impairment loss of nil (2024: € 0.2 million) related to development costs.

Trade Names, Customer Relations and Technology

During the year, the Group performed a review of its intangible assets and identified certain assets relating to Trade Names, Customer Relationships and Technology that are no longer in use. As these assets had a carrying amount of nil, their derecognition did not result in any amortisation expense or impact on the statement of profit or loss.

Impairment test for cash-generating units containing goodwill

The following cash generating units contain significant goodwill amounts:

(In € 1,000)	2025	2024
IHC Holland	3,648	3,648
	3,648	3,648

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% (2024: 10.9%). 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 2025 the Group incurred an impairment loss of nil (2024: € 0.2 million) related to goodwill.

19. Investments in equity accounted investees

The Company did not have any joint ventures or associates in 2024 and 2025.

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.

Due to an impairment of € 0.3 million, the carrying amount of other non-material equity accounted investees amounts to nil at year-end 2025 (2024: € 0.3 million). The carrying amount of other non-material joint-ventures amounts to nil. During 2025 and 2024 the Group received no dividends from non-material equity accounted investees.

20. Other non-current financial assets

(In € 1,000)	2025	2024
Financial assets at amortised cost	1,265	703
	1,265	703

The Other non-current financial assets are related to long term part of costs of obtaining contracts (2024: nil).

21. Inventories

(In € 1,000)	2025	2024
Raw and auxiliary materials	24,193	30,963
(Semi-) finished goods and spare parts	57,002	36,808
Finished goods	12,527	22,859
	93,722	90,630

In 2025, inventories of € 81.9 million (2024: € 75.7 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 2025 the write-down of inventories to net realizable value amounted to € 16.6 million (2024: € 8.7 million). The increase compared to the prior year is mainly attributable to an impairment of offshore equipment of € 6.2 million and an impairment of the EasyDredge 700S of € 3.6 million, which was determined based on the expected sales price. The write-down and reversals are included in external costs.

22. Contract assets & liabilities

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

(In € 1,000)	2025	2024
Contract assets	19,607	16,695
Contract liabilities	132,019	83,096

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. The amount of € 83.1 million included in contract liabilities at 31 December 2024 has been recognised as revenue in 2025 (2024: € 92.6 million that was included in the contract liabilities at 31 December 2023).

Order book

The order book as of 31 December 2025 stood at € 546.3 million, which is 38% above last year's (€ 397.3 million). Order intake in 2025 came in at € 638.9 million (2024: € 384.9 million).

23. Trade and other receivables

(In € 1,000)	2025	2024
Trade receivables	80,365	66,833
Derivatives used for hedging	36	121
Costs to obtain contracts	2,374	685
VAT receivable	8,949	11,143
Prepayments	15,378	16,104
Other receivables	8,416	16,366
	115,518	111,252

As at 31 December 2025 the trade receivables include an allowance for impairment of € 2.3 million (2024: € 3.8 million). Within other receivable, an amount of € 1.1 million is a lease receivable balance. Also see Note 32. Financial instruments and financial risk management.

24. Cash and cash equivalents

(In € 1,000)	2025	2024
Bank balances	66,747	44,733
Collateralised cash	564	18,600
	67,311	63,333

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 €0.6 million which is restricted as collateral for guarantees. These amounts are held in on demand deposits and can be accessed as required. Due to the termination of the former Senior Facilities Agreement (SFA) the blocked cash and cash collateral significantly decreased during 2025.

25. Equity

Share capital

The Company's issued capital, amounting to € 460.6 million (2024: € 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.

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 and equipment. As at 31 December 2025 the revaluation surplus amounts to € 31.4 million (2024: € 29.5 million). The movement in the revaluation surplus can be summarised as follows:

(In € 1,000)	2025	2024
	Revaluation surplus land	Revaluation surplus land
Balance as at 1 January	29,473	27,095
Changes:		
Effects of revaluations for the year	6,046	3,171
Income tax effect revaluations for the year	-1,560	-792
Effect of reassessment previous years reserve	-3,398	-
Income tax effect reassessment previous years reserve	877	-
Revaluation surplus as at 31 December	<u>31,438</u>	<u>29,473</u>

Land - reassessment revaluation prior years

The movement in “Reassessment revaluation prior years” reflects a further refinement of prior-year estimate of the revaluation reserve. The adjustment relates exclusively to the revaluation reserve and has no impact on the carrying amounts of property, plant and equipment. The movement is presented in the consolidated statement of changes in equity and the consolidated statement of comprehensive income and ensures that the revaluation reserve reconciles with the underlying valuations of PPE.

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 2025 and 2024 the other reserves are not available for distribution. Dividend payments are restricted under financial 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 which matures on 4 June 2030. Further details are disclosed in note 32.

26. Loans and borrowings

(In € 1,000)

	<u>2025</u>	<u>2024</u>
Total loans and borrowings		
Subordinated loans	56,239	37,566
Current liabilities		
Subordinated loans	-	-
Non-current liabilities	<u>56,239</u>	<u>37,566</u>

The following loan facilities are applicable:

- Consortium facility: In June 2025, IHC secured a consortium facility amounting to €20.0 million, provided by HAL Investments B.V., MerweOord B.V. and D.E.M.E. N.V. The facility matures in June 2030, bears interest at 12% per annum, which is accrued until the repayment date, and was fully drawn on the date the facility was entered into.
- Loan facility - 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, until June 2030. Interest amounts to 8% per annum and is accrued up to the repayment date.
- Standby facility - HAL: The refinancing structure includes a new standby facility of €40.0 million, which matures in June 2030. At the end of 2025 no amounts were drawn. The commitment fees related to this facility will be paid on each anniversary date of this agreement. 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 are repaid in June 2025.

(In € 1,000)	Subordinated loans	Non-recourse project financing	Total
Balance as at 1 January 2025	<u>37,566</u>	-	<u>37,566</u>
<i>Changes from financing cash flows:</i>			
Proceeds from loans and borrowings	30,000		30,000
Repayment of borrowings	-14,780		-14,780
	<u>15,220</u>	-	<u>15,220</u>
<i>Other changes:</i>			
Accrued interest	5,209		5,209
Capitalised borrowing costs	-1,756		-1,756
	<u>3,453</u>	-	<u>3,453</u>
Balance as at 31 December 2025	<u>56,239</u>	-	<u>56,239</u>
Current portion	-		-
Non-current	<u>56,239</u>	-	<u>56,239</u>

(In € 1,000)	Subordinated loans	Non-recourse project financing	Total
Balance as at 1 January 2024	32,253	42,840	75,093
<i>Changes from financing cash flows:</i>			
Proceeds from loans and borrowings	-	-	-
Repayment of borrowings	-	-3,100	-3,100
	-	-3,100	-3,100
<i>Other changes:</i>			
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

27. Deferred tax assets and liabilities

(In € 1,000)	As at 1 January 2025		Movement in temporary differences during the year		As at 31 December 2025	
	Assets	Liabilities	Recognised in income statement	OCI / Other	Assets	Liabilities
Property, plant and equipment	1,760	-9,960	393	-983	2,269	-11,059
Leasing	3,312	-3,107	-394	-	2,935	-3,124
Intangibles	-	-104	18	5	-	-81
Provisions	647	-15	-261	924	1,594	-299
Interest carried forward	425	-	-	-	425	-
Fiscal goodwill	4,353	-	-3,308	-	1,045	-
Tax losses carried forward	2,661	-	74	-748	1,987	-
Derivatives	253	-96	1	-280	-	-122
Other	71	-	-	-3	68	-
	13,482	-13,282	-3,477	-1,085	10,323	-14,685
Offsetting deferred tax assets and liabilities	-12,061	12,061			-8,937	8,937
Net carrying amount	1,421	-1,221			1,386	-5,748

(In € 1,000)	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
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	-
	<u>16,933</u>	<u>-16,234</u>	<u>-3,276</u>	<u>4,131</u>	<u>-1,354</u>	<u>13,482</u>	<u>-13,282</u>
Offsetting deferred tax assets and liabilities	<u>-15,075</u>	<u>15,075</u>				<u>-12,061</u>	<u>12,061</u>
Net carrying amount	<u><u>1,858</u></u>	<u><u>-1,159</u></u>				<u><u>1,421</u></u>	<u><u>-1,221</u></u>

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 2025 no deferred tax asset has been recognised in respect of tax losses amounting to € 687.0 million (2024: € 657.0 million) as management believes it is uncertain that this asset will be realised in the foreseeable future.

28. Other liabilities

(In € 1,000)	2025	2024
Lease liabilities	8,526	9,399
Other taxes and social insurance contributions	3,248	7,433
	<u>11,774</u>	<u>16,832</u>

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

Movements in lease liabilities:

(In € 1,000)	<u>2025</u>	<u>2024</u>
Balance as at 1 January	12,839	11,242
Changes:		
Payment of lease liabilities	-4,088	-4,038
New leases	2,881	5,324
Changes to current lease contracts	608	-324
Interest expense	603	461
Changes in foreign exchange rates	-348	174
	<u>12,495</u>	<u>12,839</u>
Balance as at 31 December	12,495	12,839
Current portion of lease liabilities	<u>3,969</u>	<u>3,440</u>
	<u><u>8,526</u></u>	<u><u>9,399</u></u>

29. Current tax assets and liabilities

The current tax receivable amounting to € 1.7 million and current tax liability amounting to € 0.5 million (2024: receivable € 1.6 million and liability € 0.5 million) relate to income taxes to be received and paid for the reporting period and previous periods.

30. Provisions

(In € 1,000)	<u>Balance as at 1 January 2025</u>	<u>Additions</u>	<u>Usage</u>	<u>Reversals</u>	<u>Exchange differences and other movements</u>	<u>Balance as at 31 December 2025</u>	<u>Current</u>
Warranties	8,838	5,235	-2,257	-4,106	-51	7,659	4,136
Other employee benefits	945	1,140	-89	-87	-31	1,878	47
Environmental benefits	835	-	-	-	-	835	-
Onerous contracts	1,466	2,710	-1,466	-	-	2,710	2,623
Other	18,930	117	-	-16,460	-503	2,084	674
	<u>31,014</u>	<u>9,202</u>	<u>-3,812</u>	<u>-20,653</u>	<u>-585</u>	<u>15,166</u>	<u>7,480</u>

(In € 1,000)	Balance as at 1 January 2024	Additions	Usage	Reversals	Exchange differences and other movements	Balance as at 31 December 2024	Current
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 benefits	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

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 limited.

Onerous contracts

As at 31 December 2025 the loss provision for onerous construction contracts with customers amounts to € 2.7 million (as at 31 December 2024: € 1.5 million).

Other

The other provisions primarily relate to provisions for claims and disputes, including amounts received in relation to a sales transaction cancelled in a prior year, for which the amount and timing of potential repayment were uncertain. The opening balance included a provision relating to a sales transaction entered into in 2019. The contract was cancelled by the Company in February 2020 due to the client's failure to pay the full contractual amount. Under English law, any claim for restitution is subject to a six-year limitation period. As no arbitration was initiated and no claim was issued within this period, the potential obligation to repay has become time-barred. As a result, the related provision was released in the external costs during 2025.

31. Trade and other payables

(In € 1,000)	2025	2024
Trade creditors	48,318	43,858
Other taxes and social insurance contributions	14,468	17,585
Current portion of lease liabilities	3,969	3,440
Staff costs to be paid	18,715	17,758
Payables regarding completed orders	8,199	12,308
Derivatives used for hedging	59	406
Deferred income	8,014	15,790
Other creditors and accruals	26,804	24,109
	128,546	135,254

32. 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.

(In € 1,000)

31 December 2025

	Carrying amount	Level 1	Level 2	Level 3
<i>Financial assets measured at fair value</i>				
Derivatives used for hedging	36	-	36	-
<i>Financial assets not measured at fair value</i>				
Loans and receivables	1,265	1,265	-	-
Trade and other receivables	106,534	106,534	-	-
Cash and cash equivalents	67,311	67,311	-	-
<i>Financial liabilities measured at fair value</i>				
Derivatives used for hedging	-59	-	-59	-
<i>Financial liabilities not measured at fair value</i>				
Subordinated loans	-56,239	-56,239	-	-
Trade and other payables	-48,318	-48,318	-	-
	<u>70,530</u>	<u>70,554</u>	<u>-23</u>	<u>-</u>

(In € 1,000)

31 December 2024

	Carrying amount	Level 1	Level 2	Level 3
<i>Financial assets measured at fair value</i>				
Derivatives used for hedging	121	-	121	-
<i>Financial assets not measured at fair value</i>				
Loans and receivables	703	703	-	-
Trade and other receivables	99,988	99,988	-	-
Cash and cash equivalents	63,333	63,333	-	-
<i>Financial liabilities measured at fair value</i>				
Derivatives used for hedging	-406	-	-406	-
<i>Financial liabilities not measured at fair value</i>				
Subordinated loans	-37,566	-37,566	-	-
Trade and other payables	-43,858	-43,858	-	-
	<u>82,315</u>	<u>82,600</u>	<u>-285</u>	<u>-</u>

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:

(In € 1,000)	2025	2024
Contract assets	19,607	16,695
Other non-current financial assets (excluding derivatives)	40	703
Trade debtors	80,365	66,833
Derivatives used for hedging (long-term and short-term)	36	121
Other receivables and prepayments	26,167	33,155
Cash and cash equivalents	67,311	63,333
	<u>193,526</u>	<u>180,840</u>

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 2025, the exposure to credit risk for the trade receivables by geographic region was as follows:

(In € 1,000)	2025	2024
Netherlands	8,621	28,335
Rest of Europe	7,571	9,176
Asia	38,787	15,224
America's	14,965	10,039
Africa	10,388	3,921
Oceania	33	138
	<u>80,365</u>	<u>66,833</u>

The ageing of trade receivables at the reporting date was:

(In € 1,000)	2025	2024
--------------	------	------

	Gross Amount	Impairment	Gross Amount	Impairment
Not past due	27,973	-	43,746	-
Past due 1-4 weeks	40,516	-	11,020	-
Past due 5-8 weeks	1,482	-	3,796	-
Past due 9-12 weeks	3,104	-	3,185	-
Past due more 13 weeks and more	9,579	2,289	8,846	3,760
Total	<u>82,654</u>	<u>2,289</u>	<u>70,593</u>	<u>3,760</u>

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

(In € 1,000)	<u>2025</u>	<u>2024</u>
As at 1 January	3,760	3,545
Effect of movements in exchange rates	-82	-18
Addition to the allowance	1,514	778
Allowance used	-2,614	-353
Allowance released	-289	-192
As at 31 December	<u>2,289</u>	<u>3,760</u>

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 € 1.1 million (2024: € 0.6 million). This amount comprises addition to the allowance, allowance released and effect of movements in exchange rates.

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 finance 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.

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.

(In € 1,000)	Maturities financial liabilities 2025						
	Carrying amount	Fair value	Contractual cash flows	1 year or less	1 -2 years	2-5 years	> 5 years
Loans from financial institutions	-	-	-	-	-	-	-
Construction loans	-	-	-	-	-	-	-
Subordinated loans	56,239	51,267	76,532	-	-	76,532	-
Non-recourse project financing	-	-	-	-	-	-	-
Other interest bearing borrowings	-	-	-	-	-	-	-
Derivatives	59	59	59	59	-	-	-
Trade creditors	48,318	48,318	48,318	48,318	-	-	-
	104,616	99,644	124,909	48,377	-	76,532	-

(In € 1,000)	Maturities financial liabilities 2024						
	Carrying amount	Fair value	Contractual cash flows	1 year or less	1 -2 years	2-5 years	> 5 years
Loans from financial institutions	-	-	-	-	-	-	-
Construction loans	-	-	-	-	-	-	-
Subordinated loans	37,566	40,824	43,889	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	88,153	46,774	41,379	-	-

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.

Subordinated loans

The extension of the HAL loan was reassessed under IFRS 9, and the changes do not lead to derecognition. The modification is not substantial since the lender, interest rate, and economic substance are unchanged, and the quantitative impact is minimal. The loan remains to be accounted for at amortized cost, with the effective interest rate recalculated for the extended maturity of the loan.

In June 2025, the Group entered into a €20.0 million subordinated consortium facility with HAL Investments B.V., MerweOord B.V. and D.E.M.E. NV. HAL's €6.7 million participation was funded through the conversion of accumulated unpaid top-up guarantee fees. The facility was drawn in full on inception and is subordinated under the Intercreditor Agreement. Interest accrues at 12% per annum, capitalised annually. The Group may elect to convert the interest for future periods into 10% cash-pay interest.

The agreement includes a mechanism under which the applicable interest rate carries a conditional step-up related to Finco Notes. Finco stands for B.V. Finance Continuïteit IHC. These perpetual notes were agreed between the Stichting Continuïteit IHC and various holders and arose from the restructuring in 2020 that was carried out at Royal IHC. During the refinancing process in 2025, most parties holding the notes have transferred their notes to the Stichting Continuïteit IHC, for no consideration. In the refinancing documentation, Royal IHC is required to arrange for the remaining notes to be transferred to the Stichting Continuïteit IHC, so that none would be outstanding as of 1 January 2027. The interest on the consortium facility would be retrospectively deemed to have accrued at 20% per annum should the Finco Notes remain

outstanding as at 1 January 2027, with a possible retrospective impact on the 2025 figures of €0.9 million. Management has assessed this condition in light of ongoing constructive discussions with the remaining parties holding the notes, the jointly expressed intention to simplify and normalise the Group's ownership and financing structure, and the expectation that the Finco Notes will be resolved as part of this broader process during 2026. Based on these factors, management considers it more likely than not that the condition for the step-up will not be met and therefore regards the 12% interest rate as the most reliable estimate of the contractual cash flows. The facility matures on 5 June 2030 or earlier if the senior facilities agreement terminates. Prepayment is permitted subject to the conditions set out in the refinancing arrangements.

Royal IHC entered into a new standby facility with HAL Investments B.V. amounting to €40.0 million. The facility is subordinated under the Intercreditor Agreement and benefits from a Dutch State guarantee covering 50% of residual losses. The facility includes an initial commitment fee of 4% per annum on undrawn amounts and bears an initial interest at 8% per annum on drawn amounts. The Group may elect to convert the commitment fee into a cash payable fee of 3% per annum on undrawn amounts and convert interest into a cash payable interest rate of 6.71% per annum. This election can be made annually and applies for the period specified in the election notice, which may be revoked at the next anniversary. The facility is initially recognized at fair value and subsequently measured at amortized cost in accordance with IFRS 9.

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.

Derivatives

The Group holds foreign exchange derivatives for risk management purposes which are designated in cash flow hedging relationships. The Group's derivative instruments are governed by contracts based on the International Swaps and Derivatives Association (ISDA)'s master agreements.

Currency risk

The Group concludes forward exchange transactions 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. 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.

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.

The net total fair value of outstanding derivative transactions amounts to a liability of approximately € 0.1 million as at 31 December 2025 (31 December 2024: liability of € 0.4 million).

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.

Interest rate risk

The Group follows a policy of ensuring that its exposure to interest rates on loans and borrowings is on a fixed-rate basis. As of 31 December 2025, all outstanding loans and borrowings carry fixed interest rates.

The Group optimizes interest income on its credit bank balances by placing short-term deposits with reputable financial institutions.

Exposure to currency risk

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

(In 1,000)	31 December 2025				
	GBP	CNY	USD	BRL	In Euros
Assets, non-current and current	13,638	155,338	16,429	49,026	56,163
Cash and cash equivalents	11,162	43,648	15,052	1,975	31,240
Current liabilities	-20,319	-161,585	-5,592	-26,505	-51,861
Loans and Borrowings	-	-	-	-	-
Gross balance sheet exposure	4,481	37,401	25,888	24,496	35,541
Still to invoice on existing orders	-	112,467	9,118	20,933	24,708
Invoices to receive on existing orders	-788	-54,751	-881	-14,653	-10,597
Gross exposure	3,693	95,117	34,125	30,776	49,652
Forward exchange contracts	4,074	-55,397	-1,120	-	-3,024
Net exposure	7,767	39,720	33,005	30,776	46,628

(In 1,000)	31 December 2024				
	GBP	CNY	USD	BRL	In Euros
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	31,641
Still to invoice on existing orders	267	163,841	3,446	25,706	29,345
Invoices to receive on existing orders	-2,869	-17,991	-424	-17,961	-9,063
Gross exposure	3,974	184,248	5,282	112,951	51,924
Forward exchange contracts	705	-109,081	4,531	-	-9,205
Net exposure	4,679	75,167	9,813	112,951	42,718

The following foreign exchange rates were applied during the year:

(In €)	Average rate		Reporting date spot rate	
	2025	2024	2025	2024
GBP	1.1711	1.1819	1.1472	1.2086
CNY	0.1242	0.1288	0.1217	0.1323
US Dollar	0.8920	0.9257	0.8514	0.9658
BRL	0.1589	0.1716	0.1554	0.1562

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 2025 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 2025. 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.

33. 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:

(In € 1,000)

	31 December 2025	31 December 2024
	Non material non-controlling interests	Non material non-controlling interests
Non-controlling interest percentage		
Non-current assets	-	-
Current assets	56	55
Non-current liabilities	-648	-648
Current liabilities	62	63
Net assets	-530	-530
<i>Carrying amount of non-controlling interest</i>	<i>-27</i>	<i>-27</i>
Revenue	-	-
Profit	-	2
Total comprehensive income	-	2
<i>Profit allocated to non-controlling interest</i>	<i>-</i>	<i>-</i>
<i>Other comprehensive income allocated to non-controlling interest</i>	<i>-</i>	<i>-</i>
Cash flows from operating activities	-	-
Cash flows from investing activities	-	-
Cash flows from financing activities	-	-
Net increase (decrease) in cash and cash equivalents	-	-

34. 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 16).

35. 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:

(In € 1,000)	<u><1 year</u>	<u>1-5 years</u>	<u>> 5 years</u>	<u>2025 Total</u>	<u>2024 Total</u>
Operational lease & rent	1,022	1,404	-	2,426	2,195

Total expenses in 2025 relating to short-term and/or leases of low-value items amounted to € 1.2 million (2024: € 1.0 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 was 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

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.

Financing arrangements and guarantees

In June 2025, the Group has signed and agreed the new Guarantee and Financing Arrangement, which includes two bank guarantee facilities totalling €250 million, a Consortium Facility of €20.0 million, an extended HAL Loan (principal €30.0 million started in June 2023, amounting to €35.0 million with accrued interest as of June 2025), and access to a HAL Standby Facility of €40.0 million. IHC and certain subsidiaries have provided guarantees to HAL and Atradius for obligations arising under these facilities. As at the reporting date, no obligating event has occurred, nor is an outflow of economic benefits considered probable.

Security package and ranking

A comprehensive security package has been provided in connection with the financing arrangements. GLAS acts as security agent for all senior creditors under the Intercreditor Agreement. The Group has granted omnibus pledges over trade receivables, inventories, bank accounts, intellectual property (including software and domain names), insurance rights, and certain intra-group receivables. Furthermore, share pledges have been established over various Dutch and Belgian subsidiaries, and additional security has been provided in the United Kingdom. Certain security interests may be automatically released or redesignated depending on project specific financing or permitted sale and leaseback transactions.

Mortgages over real estate

The Kinderdijk shipyard has been mortgaged as security for the HAL Standby Facility. The Krimpen shipyard has been mortgaged as security for the HAL Loan. The associated mortgage documentation includes restrictions on use and leasing

linked to the terms of these facilities.. Furthermore, a mandatory prepayment applies to proceeds from any sale relating to the Krimpen site.

Covenants and potential acceleration

The financing arrangements includes general covenants and financial covenants. The general covenants include requirements to comply with applicable laws, maintain adequate insurance and asset protection, operate on arm's-length terms and safeguard the lender's security. The agreements also impose customary restrictions on disposals, acquisitions, indebtedness, distributions, and dealings with shareholders, together with certain approval and access rights for the lender. The financial covenants include a Minimum Cash Test (requiring Available Cash of at least €10.0 million at all times and for at least six weeks of each 13-week cash-flow forecast) and a Guarantor Coverage Test. Failure to comply may trigger requirements such as the provision of additional security, the furnishing of cash cover for outstanding bank guarantees, or acceleration of obligations. The Group complied with all covenants as at the reporting date.

Bank Facility: guarantees issued and securities

In June 2025, the Group entered into the Senior Recourse Agreement (SRA) with HAL Investments B.V. and Atradius Dutch State Business N.V., supported by the Dutch State guarantee. This agreement replaced the previous Senior Facilities Agreement and governs the issuance and management of bank guarantees for major projects. The facilities are essential for securing performance obligations under shipbuilding contracts and advance payment guarantees.

Based on the SRA, the Bank Guarantee facilities as from 3 June 2025 are as follows:

<i>In thousands of euros</i>	Available per 3 June 2025	Available per 31 December 2025	Drawn per 31 December 2025	Maturity date
Bank guarantee facilities (senior debt) - Boskalis	208,000	-	-	6 October 2025
Bank guarantee facilities (senior debt) - Covered	150,000	150,000	107,041	3 June 2030*
Bank guarantee facilities (senior debt) - Uncovered	100,000	100,000	56,252	3 June 2030*
Guarantee facilities	458,000	250,000	163,293	

The Boskalis - bank guarantee expired upon the launch of the vessel, in accordance with the contractual terms governing the guarantee. As a result, the guarantee matured at 6 October 2025.

The other 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 the €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 the appointment of a representative by the Dutch State who will independently monitor and report to the Dutch State on certain matters. IHC is required to consult the representative on material business or strategic changes.

* 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.

36. 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:

(In € 1,000)	Board of Management		Supervisory Board	
	2025	2024	2025	2024
Short-term benefits	1,202	894	339	383
Termination benefits	-	-	-	-
Post-employment benefits	61	48	-	-
Total	1,263	942	339	383

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. In 2024 and 2025 there are no benefits included in the remuneration with regard to the LTI.

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

37. Subsequent Events

In February 2026, a contract for the construction of a second optic cable lay vessel in Vietnam became effective, with a contract value of €99.5 million.

In March 2026, the contract which was entered into with a client for the construction of an Easydredge 2,700XL TSHD vessel in Vietnam, became effective with a contract value of €38.8 million.

In May 2026, a contract was signed with a client for the construction of two trailing suction hopper dredgers (TSHDs) to be built in Vietnam, with an aggregate contract value of approximately €115 million.

In May 2026, the Company received an additional ECA guarantee line for the two dredgers (TSHDs) mentioned above. This guarantee line will mature at delivery of the second vessel.

In addition, the Company has received approval for an additional €50 million ECA guarantee line and for the two-year extension of the existing guarantee lines, extending the maturity of all guarantee lines to June 2030. The closing of the additional line and extension is subject to documentation and expected in the first half of 2026.

Company statement of profit or loss for the year ended 31 December 2025

(In € 1,000)

	<u>Note</u>	<u>2025</u>	<u>2024</u>
Result from participating interests after tax	6	-26,612	-27,553
Other income and expenses	3	<u>1,751</u>	<u>-5,837</u>
Profit / (loss) for the period		<u><u>-24,861</u></u>	<u><u>-33,390</u></u>

Company statement of financial position as at 31 December 2025

(before appropriation of result)

(In € 1,000)

	Note	31 December 2025	31 December 2024
Non-current Assets			
Intangible assets	4	1,269	1,576
Property, plant and equipment	5	929	994
Right-of-use assets	5	3,608	2,665
Financial fixed assets	6	85,529	108,481
Total non-current assets		91,335	113,716
Current assets			
Trade and other receivables	7	196,096	156,683
Cash and cash equivalents	8	23,239	44,588
Current Assets		219,335	201,271
Total Assets		310,670	314,987
Shareholders' Equity			
Share capital		460,604	460,604
Share premium reserve		72,307	72,307
Revaluation reserve		5,168	3,203
Reserve for capitalised development costs		-	1,935
Currency translation reserve		-12,563	-10,331
Hedging reserve		-519	-1,363
Other reserves		-411,925	-383,907
Unappropriated result		-24,861	-33,390
Total Equity	9	88,211	109,058
Liabilities			
Loans and borrowings	11	56,239	37,566
Provisions	10	835	835
Other liabilities	12	2,616	1,867
		59,690	40,268
Current liabilities	13	162,769	165,661
Total shareholders' equity and liabilities		310,670	314,987

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 direct or indirect 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 expenses

(In € 1,000)

	<u>2025</u>	<u>2024</u>
External costs (income)	7,931	4,084
Depreciation amortization and impairment	-1,504	-3,437
Net finance expense (income)	9,412	5,600
Income tax expense (income)	-14,088	-12,084
	<u>1,751</u>	<u>-5,837</u>

4. Intangible assets

(In € 1,000)

	<u>2025</u>	<u>2024</u>
	Software	Software
<u>Balance as at 1 January</u>		
Cost	48,942	48,437
Accumulated amortisation and impairment losses	-47,366	-44,465
Carrying amount	<u>1,576</u>	<u>3,972</u>
<u>Movements</u>		
Additions	-	505
Amortisation	-339	-2,766
Divestment	-	-135
Other movements	32	
	<u>-307</u>	<u>-2,396</u>
<u>Balance as at 31 December</u>		
Cost	48,942	48,942
Accumulated amortisation and impairment losses	-47,673	-47,366
Carrying amount	<u>1,269</u>	<u>1,576</u>

5. Property, plant and equipment

(In € 1,000)

	2025	2024
Property, plant and equipment	929	994
Right-of-use assets	3,608	2,665
	<u>4,537</u>	<u>3,659</u>

(In € 1,000)

	2025	2024
<u>Balance as at 1 January</u>	Other Operating fixed assets	Other Operating fixed assets
Cost	4,327	9,277
Accumulated depreciation and impairment losses	-3,333	-7,958
Carrying amount	<u>994</u>	<u>1,319</u>

Movements

Additions	213	541
Depreciation	-278	-436
Disposals	-	-430
	<u>-65</u>	<u>-325</u>

Balance as at 31 December

Cost	4,981	4,327
Accumulated depreciation and impairment losses	-4,052	-3,333
Carrying amount	<u>929</u>	<u>994</u>

(In € 1,000)

	2025	2024
<u>Balance as at 1 January</u>	Right of use assets	Right of use assets
Cost	7,063	4,567
Accumulated depreciation and impairment losses	-4,398	-4,163
Carrying amount	<u>2,665</u>	<u>404</u>

Movements

Additions and changes to current lease contracts	1,830	2,496
Depreciation	-887	-235
	<u>943</u>	<u>2,261</u>

Balance as at 31 December

Cost	8,990	7,063
Accumulated depreciation and impairment losses	-5,382	-4,398
Carrying amount	<u>3,608</u>	<u>2,665</u>

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

6. Financial fixed assets

(In € 1,000)	<u>2025</u>	<u>2024</u>
Interests in Group Companies	85,529	108,081
Financial assets at amortised cost	-	400
	<u>85,529</u>	<u>108,481</u>

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:

(In € 1,000)	<u>2025</u>	<u>2024</u>
Balance as at 1 January	108,081	120,392
Negative net asset values deducted from receivables due from subsidiary	-299,891	-296,575
Negative net asset values presented in provisions	-	-
Total value of interests in group companies as at 1 January	<u>-191,810</u>	<u>-176,183</u>
Share in results from participating interest, net of income tax	-26,612	-27,553
Revaluation of land, net of income tax	4,486	2,378
Net effect of sold assets	-	-
Currency translation differences, net of income tax	-1,726	81
Movements in hedging reserves, net of income tax	844	-433
Reclassification to disposal group held for sale	-	-
Other movements	412	9,900
Total movement	<u>-22,596</u>	<u>-15,627</u>
Value of interests in group companies as at 31 December	<u><u>-214,406</u></u>	<u><u>-191,810</u></u>
Negative net asset values deducted from receivables due from subsidiaries	299,935	299,891
Negative net asset values presented as a provision	-	-
Balance as at 31 December	<u>85,529</u>	<u>108,081</u>

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.

7. Trade and other receivables

(In € 1,000)

	<u>2025</u>	<u>2024</u>
Accounts receivable from group companies	190,913	151,499
Other receivables	5,183	5,184
	<u>196,096</u>	<u>156,683</u>

8. Cash and cash equivalents

(In € 1,000)

	<u>2025</u>	<u>2024</u>
Bank balances	22,682	25,988
Collateralised cash	557	18,600
	<u>23,239</u>	<u>44,588</u>

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 €0.6 million which is restricted as collateral for guarantees. These amounts are held in on demand deposits and can be accessed as required. Due to the termination of the former Senior Facilities Agreement (SFA) the blocked cash and cash collateral significantly decreased during 2025.

9. Shareholders' equity

Reconciliation of movements in Shareholders' equity 2025:

(In € 1,000)	Share capital	Share premium reserve	Legal Reserve				Other reserves	Unappropriated result	Total shareholders' equity
			Revaluation reserve	Reserve for capitalised development costs	Currency translation reserve	Hedging reserve			
Balance as at 1 January 2025	460,604	72,307	3,203	1,935	-10,331	-1,363	-383,907	-33,390	109,058
Total comprehensive income for the period									
Appropriation of result	-	-	-	-	-	-	-33,390	33,390	-
Result	-	-	-	-	-	-	-	-24,861	-24,861
Net effect of revaluation of land	-	-	4,486	-	-	-	-	-	4,486
Reassessment revaluation of land prior years	-	-	-2,521	-	-	-	2,931	-	410
Net effect of sold assets	-	-	-	-	-	-	-	-	-
Effect of depreciation of capitalized development costs	-	-	-	-1,935	-	-	1,935	-	-
Net foreign currency translation differences for foreign operations	-	-	-	-	-2,232	-	506	-	-1,726
Net effective portion of changes in fair value of cash flow hedges	-	-	-	-	-	844	-	-	844
Balance as at 31 December 2025	460,604	72,307	5,168	-	-12,563	-519	-411,925	-24,861	88,211

(In € 1,000)	Legal Reserve							Unappropriated result	Total shareholders' equity
	Share capital	Share premium reserve	Revaluation reserve	Reserve for capitalised development costs	Currency translation reserve	Hedging reserve	Other reserves		
<u>Balance as at 1 January 2024</u>	<u>460,604</u>	<u>72,307</u>	<u>825</u>	<u>1,935</u>	<u>-10,412</u>	<u>-930</u>	<u>-505,501</u>	<u>121,594</u>	<u>140,422</u>
Total comprehensive income for the period									
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
<u>Balance as at 31 December 2024</u>	<u>460,604</u>	<u>72,307</u>	<u>3,203</u>	<u>1,935</u>	<u>-10,331</u>	<u>-1,363</u>	<u>-383,907</u>	<u>-33,390</u>	<u>109,058</u>

Share capital

The Company's issued capital, amounting to € 460,604 thousand (2024: € 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 2025 and 2024 the other reserves are not available for distribution. Dividend payments are restricted under financial 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 loss for the year 2024 has been deducted from the other reserves, in line with the proposal of the Board of Management.

10. Provisions

(In € 1,000)	Balance as at 1 January 2025	Additions	Usage	Reversals	Other movements	Balance as at 31 December 2025
Participating interests with a negative net asset value	-	-	-	-	-	-
Environmental liabilities	835	-	-	-	-	835
Other	98	-	-	-98	-	-
	<u>933</u>	<u>-</u>	<u>-</u>	<u>-98</u>	<u>-</u>	<u>835</u>
Non-current	835					835
Current	98					-
	Balance as at 1 January 2024	Additions	Usage	Reversals	Other movements	Balance as at 31 December 2024
Participating interests with a negative net asset value	-	-	-	-	-	-
Environmental liabilities	835	-	-	-	-	835
Other	98	-	-	-	-	98
	<u>933</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>933</u>
Non-current	883					835
Current	50					98

Environmental liabilities

The provision for environmental liability concerns an estimation of the future clean-up costs for contamination as required by prevailing legislation. No provision is included in the financial statements for the other sites, which may encounter environmental issues in case of cleaning operations. This is not expected in the short or medium term. Due to continuing technological advances as well as possible amendments to legislation and regulations, the amount to be spent on any potential future clean-up can not be estimated with a high degree of certainty.

11. Loans and borrowings

(In € 1,000)	<u>2025</u>	<u>2024</u>
Total loans and borrowings		
Subordinated loans	56,239	37,566
Current Liabilities		
Subordinated loans	-	-
Non-current liabilities	<u>56,239</u>	<u>37,566</u>

In note 26 of the consolidated financial statements information is included about the Loans and borrowings.

12. Other liabilities

(In € 1,000)	<u>2025</u>	<u>2024</u>
Balances as at 1 January	2,737	405
New lease liabilities	2,401	3,486
Changes to current lease contracts	-571	-495
Payment of lease liabilities	-997	-671
Interest expense	130	12
	<u>963</u>	<u>2,332</u>
Balances as at 31 December	3,700	2,737
Current portion of lease liabilities	1,084	870
Non-current lease liabilities	<u>2,616</u>	<u>1,867</u>

The other liabilities are related to lease liabilities and have a maturity between 1 and 5 years.

13. Current liabilities

(In € 1,000)

	<u>2025</u>	<u>2024</u>
Current portion of lease liabilities	1,084	870
Trade and other payables	3,792	4,260
Debt to group companies	155,607	151,186
Other creditors and accruals	2,286	9,247
Provisions	-	98
	<u>162,769</u>	<u>165,661</u>

14. Financial instruments

The Group has exposure to the credit risk, liquidity risk and market risk in its use of financial instruments. In note 32 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 35 of the consolidated financial statements.

During the 2025 financial year the Company had no employees (2024: nil).

16. Related parties

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

(In € 1,000)		Transactions		Balance outstanding	
Type of transaction	Related parties	2025	2024	31 December 2025	31 December 2024
Employment of employees	IHC Merwede Employment B.V.	-17,355	-17,556	24,272	18,214
Other services	Subsidiaries and affiliated companies	42,478	42,473	490,468	447,145

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 € 12.4 million in 2025 (2024: € 18.6 million).

Further disclosures in respect of related parties are provided in note 36 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.

(In € 1,000)	2025	2024
Audit financial statements	971	1,107
Other assurance services	-	-
	971	1,107

Kinderdijk, 12 May 2026

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

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 2025 of IHC Merwede Holding B.V., 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 2025 and of its result and its cash flows for the year ended 31 December 2025 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 2025 and of its result for the year ended 31 December 2025 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 2025;
- 2 the following statements for the year ended 31 December 2025: 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 2025;
- 2 the company statement of profit or loss for the year ended 31 December 2025; 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 involved forensic specialists in our audit procedures and 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 journal entries for testing procedures and related to the performance of more detailed audit procedures on account balances of a group entity that was outside the selection based on our regular group audit scoping.

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 intermediaries 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.
- We performed substantive audit procedures on high-value sales contracts in high-risk jurisdictions to assess the appropriateness of payments made and contractual conditions in relation to these contracts.

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.
- As part of the fraud risk assessment, we performed a data analysis of the journal entries population to determine if high-risk criteria for testing applies and evaluated relevant estimates and judgments for bias by the Company's Board of Management, including retrospective reviews of prior years' estimates with respect to the judgements and assumptions regarding the valuation of construction contracts and inventories that were included in the financial statements of the previous fiscal year. 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.
- We performed journal entry testing, specifically taking into account high risk criteria in relation to revenues from construction contracts.

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 performed journal entry testing, specifically taking into account high risk criteria in relation to revenues from the sale of goods.

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 performed its going concern assessment and has not identified any going concern risks. To evaluate the Board of Management's assessment, 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 information 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 considered whether the completion of the refinancing in 2025 and the resulting agreement on the new guarantee and financing arrangement indicate a going concern risk.
- We inspected the key terms and conditions included in the guarantee and financing arrangement that could indicate a going concern risk.
- We analysed whether the headroom on the minimum cash requirement included in the financing arrangement is sufficient.
- We analysed the financial position of the Company as at year-end and compared it to the previous financial year in terms of indicators that could identify going concern risks.

The outcome of our risk assessment procedures on the going concern assessment, including our consideration of findings from our audit procedures on other areas, did not give reason to perform additional audit procedures on the Board of Management's going concern assessment.

Compliance with Regulatory Technical Standard of SBR, including XBRL tagging, not audited

The statutory audit includes verifying that the prepared financial statements comply with the legal requirements under Title 9 of Book 2 of the Dutch Civil Code. Our audit opinion has been issued on the prepared financial statements and will be attached to the digitally filed annual report. This means that compliance with all requirements of the Regulatory Technical Standard within the SBR domain for the Trade Register (including the applied eXtensible Business Reporting Language (XBRL) tags) was not part of the statutory audit.

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 Report of the Board of Management 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 Report of the Board of Management, 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, 12 May 2026

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.