

BAM reports €119 million adjusted EBITDA in first half-year

Royal BAM Group nv delivered an adjusted EBITDA margin of 4.0 per cent in the first half-year of 2023. The cash position and order backlog are at a good level. Although market conditions remain challenging, most activities showed a satisfactory performance. BAM expects to deliver an adjusted EBITDA margin higher than 4 per cent for the full-year 2023.

- Combined revenue of division Netherlands and division United Kingdom and Ireland in line with H1 2022
- Adjusted EBITDA was €119 million, reflecting a margin of 4.0%; H1 2022 included contribution divested companies and positive hedge revaluation (totalling €32 million)
- Net result of €60 million, reflecting earnings per share of €0.22 (€0.31 in H1 2022)
- Liquidity position decreased to €0.7 billion reflecting normalisation of trade working capital
- Capital ratio improved to 22.3% (21.2% year-end 2022)
- Order book remains at good level of €9.5 billion

Key results	1st half-year 2023	1st half-year 2022	Full-year 2022
<i>(x € million, unless otherwise indicated)</i>			
Revenue	2,969	3,329	6,618
Adjusted EBITDA ¹	119.4	182.0	350.2 ²
Adjusted EBITDA ¹ margin	4.0%	5.5%	5.3% ²
Net result attributable to shareholders	60.2	85.7	179.6
Order book (end of period)	9,549	12,221	10,038
Trade working capital efficiency	-14.8%	-16.6%	-15.8%

¹ Adjusted EBITDA defined as result before interest, tax, depreciation and amortisation, excluding restructuring costs, impairment charges and pension one-offs.

² Including €52 million result on the Wayss & Freytag Ingenieurbau transaction.

Ruud Joosten, CEO of Royal BAM Group:

'In the first half-year of 2023, conditions in our markets remained challenging. Against this background, I am pleased that most of our activities showed a satisfactory operational performance. In the Netherlands, civil engineering continued the positive trend of recent quarters and made a substantial contribution to the Group's results. Our Dutch residential activities reported a satisfactory contribution. The lower result of the division Netherlands was mainly due to design issues and cost overruns at the four non-residential projects in Denmark, which will be completed in the coming quarters. The division United Kingdom and Ireland performed well, with a higher contribution of Ventures and Ireland. There were positive results from the activities in Belgium and the PPP joint venture. Since year-end 2022, our capital ratio further improved by 1.1 per cent to 22.3 per cent. We are also pleased with the conversion from adjusted EBITDA to the net result of €60 million.

We continue to make progress with our strategy 'Building a sustainable tomorrow'. We remain focused on managed growth through selective tendering, helping our clients to achieve their goals while providing value driven, reliable and sustainable solutions for construction and vital infrastructure. In line with our recently introduced sustainability strategy, we are investing in electric plant and equipment and the use of biofuels to decarbonise current and future projects. The Dutch residential market is under pressure, but remains a key focus area of our Group because of the structural shortage of homes. In June, we acquired land positions

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for 500 new homes. We will present an update of our strategy for the period up to 2026 in the first half of 2024.

Our order book is maintained at a good level of €9.5 billion, with a clear focus on the quality of the order intake. BAM expects to deliver an adjusted EBITDA margin higher than 4 per cent for the full-year 2023.'

Business review first half-year 2023

Income statement (x € million, unless otherwise indicated)	1st half-year 2023		1st half-year 2022	
	Revenue	Adj. EBITDA	Revenue	Adj. EBITDA
Division Netherlands	1,348	55.1	1,384	97.6
Division United Kingdom and Ireland	1,559	62.9	1,549	47.7
Germany, Belgium and International	62	1.1	398	24.5
Invesis ¹		3.1		16.0
Eliminations and miscellaneous	-	-2.8	-2	-3.8
Total Group	2,969	119.4	3,329	182.0
Adjustment items ²		-0.2		-1.1
Depreciation and amortisation		-54.4		-61.6
Impairments		0.3		-12.0
Finance result		6.9		1.6
Result before tax		72.0		108.9
Income tax		-11.9		-24.1
Non-controlling interest		0.1		0.9
Net result attributable to shareholders		60.2		85.7

¹ Invesis is the BAM's 50 percent equity stake in the joint venture with PGGM.

² Restructuring costs and pension one-off results.

- The combined revenue of the division Netherlands and division United Kingdom and Ireland decreased by 1 per cent. The Group revenue declined by 11 per cent to €3.0 billion compared to the first half-year of 2022, mainly due to the divestments in Germany and Belgium in 2022. The development of the British pound exchange rate had a negative impact of €50 million.
- Adjusted EBITDA decreased to €119 million versus €182 million in the first half-year of 2022, which included positive contributions of divested companies (€18 million), hedge revaluations (€14 million), and two major settlements (Museum of the Future and sea lock IJmuiden/OpenIJ, totalling €32 million). The adjusted EBITDA margin was 4.0 per cent (H1 2022: 5.5 per cent).
- The net result was €60 million (H1 2022: €86 million), or earnings per share of €0.22 (H1 2022: €0.31). The finance result improved supported by increased interest rates. The reported income tax was €12 million (effective tax rate: 17 per cent) and included the positive effect of the recognition of a deferred tax asset of €5 million on liquidation losses in BAM International.
- The order book remained solid at €9.5 billion versus €10 billion at year-end 2022, with a clear focus on the quality of the order intake. The decline included the cancellation of a €300 million highways framework contract, following an additional review by the UK government. The development of the British pound exchange rate had a positive effect of €126 million.

Division Netherlands

(x € million, unless otherwise indicated)

	1st half-year 2023		1st half-year 2022	
	Revenue	Adj. EBITDA	Revenue	Adj. EBITDA
Construction and Property	962	29.1	964	56.4
Civil engineering	400	28.5	436	31.0
Other, eliminations and miscellaneous	-14	-2.5	-16	10.2
Total division Netherlands	1,348	55.1	1,384	97.6

Trade working capital efficiency	-13.1%	-15.9%
Revenue growth	-3%	-3%
Adjusted EBITDA margin	4.1%	7.1%
	1st half-year 2023	Full-year 2022
Order book	4,438	4,366
Order book growth	2%	

- Revenue declined by 3 per cent compared to the first half-year of 2022.
- Adjusted EBITDA decreased to €55.1 million compared to €97.6 million in the first half-year of 2022, reflecting an adjusted EBITDA margin of 4.1 per cent (H1 2022: 7.1 per cent). The Dutch residential activities reported a satisfactory contribution. Residential home sales were lower at 494 (H1 2022: 858) reflecting the more challenging market conditions. Based on the project pipeline, BAM expects to sell approximately 1,500 homes in 2023 (FY 2022: 2,028). The decrease of adjusted EBITDA was mainly due to design issues and cost overruns at the four non-residential projects in Denmark, which will be completed in the coming quarters. Telecom and Energy Systems continued to contribute strongly. The operational performance of civil engineering was strong; the first half-year 2022 result included the OpenIJ settlement (€16 million).
- The order book increased by 2 per cent to €4.4 billion driven by non-residential construction and civil engineering, partly offset by residential construction and property. Recent project wins included residential renovation projects in Beverwijk, Capelle aan den IJssel and Tilburg, while civil engineering is benefiting from several framework contracts.
- Market development: The recent fall of the Dutch government has added to the uncertainty for the construction and property industry, especially regarding the ambition to build more homes and the legislation regarding nitrogen. Currently, cost increases and rising interest rates are leading to delays of some project awards. For the medium to longer term, there remains a strong rationale for essential investments in energy transition, infrastructure and sustainable and affordable homes. Demand in BAM's energy, water and telecom markets remains strong.

Division United Kingdom and Ireland

(x € million, unless otherwise indicated)

	1st half-year 2023		1st half-year 2022	
	Revenue	Adj. EBITDA	Revenue	Adj. EBITDA
Construction UK	498	15.5	512	22.0
Civil engineering UK	648	16.9	609	19.4
Ventures UK (including property)	199	23.7	108	6.0
Ireland (construction, property, civil engineering)	246	9.2	351	5.9
Other, eliminations and miscellaneous	-32	-2.4	-31	-5.6
Total division United Kingdom and Ireland	1,559	62.9	1,549	47.7

Trade working capital efficiency	-16.4%	-18.1%
Revenue growth ¹	1%	7%
Adjusted EBITDA margin	4.0%	3.1%
	1st half-year 2023	Full-year 2022
Order book ¹	4,770	5,402
Order book growth	-12%	

¹ The British pound exchange rate had a €50 million negative effect on revenues and a positive effect of €126 million on the order book.

- **Revenue** increased by 1 per cent compared to the first half-year of 2022, supported by the high activity level in civil engineering. The British pound exchange rate had a €50 million negative effect on revenue. In Ireland, revenues declined as a result of progress on large contracts.
- **Adjusted EBITDA** improved to €63 million compared to €48 million in the first half-year of 2022, reflecting an adjusted EBITDA margin of 4.0 per cent (H1 2022: 3.1 per cent). The contribution of Construction UK was impacted by inflation and supply chain challenges on some larger contracts, while Civil engineering UK showed a satisfactory performance supported by a high activity level. The Ventures business had a strong performance, also driven by the divestment of an office development. The performance in Ireland was solid. Regarding National Children's Hospital, BAM is fully resourced for the planned scope of work and the tireless effort of BAM's staff and supply chain partners has driven the build phase to more than 85 per cent completion. BAM is fully committed to delivering this world-class hospital within the shortest possible timeframe.
- The **order book** declined by 12 per cent to €4.8 billion, including the cancellation of a €300 million highways framework contract, following an additional review by the UK government. The development of the British pound exchange rate had a positive effect of €126 million. Recent project wins included additional works for HS2, two converter stations for SSEN Transmission and National Grid Electricity Transmission, a three-year contract with the Tudor Grange Academies Trust to deliver Integrated Facilities Management services and a new school building at Sunderland's Farrington Community Academy.
- **Market development:** In the UK, there is a healthy pipeline for education projects and opportunities in healthcare and regional frameworks. The energy sector is offering significant opportunity as the UK drives towards independence in this area. The infrastructure market is expected to remain relatively steady. Also, the outlook for the rail market is favourable. There are opportunities in key markets in Ireland, and BAM remains focused on winning projects with the right risk/reward balance.

Germany, Belgium and BAM International

(x € million, unless otherwise indicated)

	1st half-year 2023		1st half-year 2022	
	Revenue	Adj. EBITDA	Revenue	Adj. EBITDA
Germany, Belgium and International	62	1.1	398	24.5

The activities in Belgium had a satisfactory performance. Revenues declined substantially due to the divestments of Wayss & Freytag Ingenieurbau, BAM Galère and BAM Contractors nv during 2022. In Germany, BAM still shares responsibility for some projects of the former BAM Deutschland.

PPP joint venture Invesis

In the first half-year of 2023, Invesis continued to create value from the operational portfolio by successfully refinancing the University Hospital Schleswig-Holstein project and transferring the Dendermonde prison project to PGGM.

No new projects were added to the portfolio, with several preferred bidder decisions expected in the coming quarters. One project was transferred to a new owner. At 30 June 2023, there were 42 operational projects (FY 2022: 43) with a further 5 under construction (FY 2022: 5), making 47 PPP projects in total (FY 2022: 48).

Investigation Dutch authorities

In October 2022, the Dutch Fiscal Information and Investigation Service (FIOD) and the Dutch Public Prosecutions Office (Openbaar Ministerie) have informed BAM International that it is the subject of an investigation into suspicions relating to potential fraud and corruption at some already completed projects. The timing and possible outcome of the investigation are uncertain. Therefore, the potential adverse financial impact of the outcome of the investigation, if any, cannot be reliably estimated at this time but could possibly be material.

BAM is fully cooperating with the investigation and taking appropriate steps in connection with the investigation, including an internal review of the relevant projects. In July 2020, BAM announced its intention to wind down BAM International. Meanwhile all projects of BAM International have been completed.

Financial review

Cash flow ¹

<i>(x € million)</i>	1st half-year 2023	1st half-year 2022	Full-year 2022
Cash flow from operations ²	113	152	246
Working capital	-180	-272	-466
Provisions and pensions	-26	-27	24
Cash flow from operating activities	-93	-147	-196
Cash flow from investing activities	-37	-87	-163
Cash flow from financing activities	-67	-56	-93
Increase/decrease in cash position	-197	-290	-452
Cash and cash equivalents beginning period	841	1,285	1,285
Changes in assets and liabilities held for sale	-	-146	42
Exchange rate differences, other changes	17	-19	-34
Cash and cash equivalents	661	830	841

¹ Based on the IFRS cash flow statement.

² Net result for the period adjusted for depreciation and amortisation, impairment charges and other non-cash elements.

Cash and cash equivalents totalled €661 million, which is €180 million below the position at year-end 2022 of €841 million.

In the first half-year of 2023, BAM generated a cash flow from operations of €113 million (H1 2022: €152 million), mainly driven by the operational performance. The outflow of working capital followed the seasonal pattern, reflecting the unwinding of advance payments on large projects as a consequence of BAM's adjusted tendering strategy, and including the effect of higher interest rates.

Cash flow from investing activities of -€37 million primarily relates to regular capital expenditure, while the comparable period last year included a net outflow of -€40 million from the divestments of BAM Galère and BAM Contractors nv.

Cash flow from financing activities in the first half-year of 2023 of -€67 million included the payments related to dividend of €34 million. The remainder relates to leases and repayment of interest bearing debt.

Financial position

<i>(x € million)</i>	1st half-year 2023	Full-year 2022	1st half-year 2022
Cash position	661	841	830
Interest-bearing debt	-47	-53	-45
Net (debt) / cash before lease liabilities	614	788	785
Lease liabilities	-169	-174	-193
Net (debt) / cash	445	614	592
Trade working capital	-839	-1,010	-1,037
Trade working capital efficiency	-14.8%	-15.8%	-16.6%
Shareholders' equity	845	811	756
Balance sheet total	3,785	3,819	4,280
Capital ratio	22.3%	21.2%	17.7%
Capital employed	1,196	1,194	1,275
Return on average capital employed	14.0%	16.8%	8.7%

The trade working capital efficiency percentage increased, ending the first half-year of 2023 at -14.8 per cent (FY 2022: -15.8 per cent), which reflects a further normalisation as a result of unwinding of advance payments on large projects as a consequence of BAM's adjusted tendering strategy and the effect of higher interest rates.

The increase in shareholders' equity of €34 million to €845 million is driven by the net result for the first half-year (€60 million), exchange rate differences (€23 million), cash flow hedges and share-based payments (€4 million), partly offset by the of the payment of dividend and the related share buyback (-€34 million) and remeasurement of post-employment benefit obligations (-€19 million).

BAM's capital ratio improved by 1.1 per cent to 22.3 per cent at mid-year 2023, compared to 21.2 per cent at year-end 2022.

Risks and uncertainties

As indicated in the annual report for the 2022 financial year, there is a Group-wide focus on risk management in the primary process, in order to improve predictability and performance. The Group's risk management system does not imply avoidance of all risks. Instead it aims to identify opportunities and threats and manage them. The risks that can have a material impact on the Group's results and its financial position are described in detail in the annual report for the 2022 financial year. Other risks, or risks that are either not currently known or currently considered non-material could prove to have an effect (material or otherwise) in due course on the markets, objectives, revenue, results, assets, liquidity or funding of the Group.

Executive Board, Royal BAM Group nv

Ruud Joosten, CEO

Frans den Houter, CFO

Analyst meeting and audio webcast

Ruud Joosten, CEO, and Frans den Houter, CFO, will host an analyst meeting at 10.00 a.m. CET on 17 August 2023. A live audio webcast of this meeting will be made available at the Royal BAM Group website: www.bam.com.

Key dates

2 November 2023	Trading update first nine months 2023
15 February 2024	Publication of annual results 2023
10 April 2024	Annual General Meeting

Further information

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Regulated information

This press release contains information that qualifies or may qualify as inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

Forward looking statements

This press release contains 'forward-looking statements', based on currently available plans and forecasts. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future, and BAM cannot guarantee the accuracy and completeness of forward-looking statements.

These risks and uncertainties include, but are not limited to, factors affecting the realisation of ambitions and financial expectations, exceptional income and expense items, operational developments and trading conditions, economic, political and foreign exchange developments and changes to IFRS reporting rules.

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BAM's outlook, in line with these forward-looking statements, merely reflects expectations of future results or financial performance and BAM does not make any representation or warranty in that respect. Statements of a forward-looking nature issued by the company must always be assessed in the context of the events, risks and uncertainties of the markets and environments in which BAM operates. These factors could lead to actual results being materially different from those expected, and BAM does not undertake to publicly update or revise any of these forward-looking statements.

Declaration in accordance with the Dutch Financial Supervision Act

In accordance with their statutory obligations under Article 5:25d(2)(c) of the Dutch Financial Supervision Act, the members of the Executive Board declare that, in so far as they are aware:

- the half-yearly financial report provides a true and fair reflection of the assets and liabilities, the financial position and the result generated by the Company and by companies included in the consolidated accounts; and
- the half-yearly report by the Executive Board provides a true and fair overview of the information required pursuant to Article 5:25d(8) and (9) of the Dutch Financial Supervision Act.

Bunnik, the Netherlands, 17 August 2023

1. Interim consolidated income statement

(x € million)	Notes	1 st half-year 2023	1 st half-year 2022	Full-year 2022
Revenue	6	2,968.7	3,328.9	6,618.1
Gain on sale of subsidiaries	8.14	-	-	52.3
Raw materials and consumables used		-657.5	-714.8	-1,424.9
Subcontracted work and other external charges		-1,485.8	-1,691.7	-3,456.3
Employee benefit expenses		-557.2	-652.4	-1,193.2
Depreciation and amortisation charges		-54.4	-61.7	-116.6
Impairment charges		-0.6	-12.5	-13.5
Other operating expenses		-152.6	-123.8	-305.0
Exchange rate differences		-11.5	3.0	-4.5
		-2,919.6	-3,253.9	-6,514.0
Share of result of investments in associates and joint ventures	8.13	15.1	31.8	58.5
Share of impairment charges in investments in associates and joint ventures		0.9	0.5	-1.5
		16.0	32.3	57.0
Operating result		65.1	107.3	213.4
Finance income		10.8	5.0	8.9
Finance expense		-3.9	-3.4	-6.6
Total finance income and expense		6.9	1.6	2.3
Result before tax		72.0	108.9	215.7
Income tax	8.5	-11.9	-24.1	-38.0
Net result		60.1	84.8	177.7
Attributable to:				
- Shareholders of the Company		60.2	85.7	179.6
- Non-controlling interests		-0.1	-0.9	-1.9
		60.1	84.8	177.7
Earnings per share (x €1)				
Basic		0.22	0.31	0.66
Diluted		0.22	0.31	0.65

2. Interim consolidated statement of comprehensive income

(x € million)	Notes	1 st half-year 2023	1 st half-year 2022	Full-year 2022
Net result for the period		60.1	84.8	177.7
<i>Items that may be reclassified to the income statement, net of tax</i>				
Fair value movement of cash flow hedges		-0.4	0.5	0.6
Tax on fair value of cash flow hedge		0.1	-0.2	-0.2
Cash flow hedges		-0.3	0.3	0.4
Fair value movement of cash flow hedges in joint ventures	8.13	1.7	18.7	34.2
Exchange rate differences		22.7	-18.7	-27.8
<i>Items that will not be reclassified to the income statement, net of tax</i>				
Movement in remeasurements of post-employment benefit		-22.8	18.2	-27.5
Tax on movement in remeasurements of post-employment		4.3	-3.5	8.7
Remeasurements of post-employment benefit obligations		-18.5	14.7	-18.8
Other comprehensive income		5.6	15.0	-12.0
Total comprehensive income, net of tax		65.7	99.8	165.7
Attributable to:				
- Shareholders of the Company		65.8	100.7	167.6
- Non-controlling interests		-0.1	-0.9	-1.9
		65.7	99.8	165.7

Exchange rate differences in the first six months of 2023 include the translation effects of foreign subsidiaries as a result of movements in the euro to pound sterling exchange rates as well as the reclassification of translation reserve (positive) to 'Exchange rate differences' in the consolidated income statement (negative) for €8 million (2022: nil) related to the winddown of subsidiaries of BAM International.

3. Interim condensed consolidated statement of changes in equity

(x € million)	Notes	1 st half-year 2023	1 st half-year 2022	Full-year 2022
As at 1 January		808.5	653.4	653.4
Net result for the period		60.1	84.8	177.7
Cash flow hedges		-0.3	0.3	0.4
Cash flow hedges in joint ventures	8.13	1.7	18.7	34.2
Remeasurements of post-employment benefit obligations		-18.5	14.7	-18.8
Exchange rate differences		22.7	-18.7	-27.8
Other comprehensive income net of tax		5.6	15.0	-12.0
Total comprehensive income		65.7	99.8	165.7
Issue of share capital	8.12	-	-	-
Repurchase of ordinary shares	8.12	-11.5	-	-14.3
Dividends paid (including non-controlling interests)	8.12	-22.0	-	-
Share-based payments		2.0	2.0	3.7
Total change		34.2	101.8	155.1
Position as at period-end		842.7	755.2	808.5

4. Interim consolidated statement of financial position

(x € million)	Notes	30 June 2023	30 June 2022	31 December 2022
Property, plant and equipment		207.8	182.4	199.5
Right-of-use assets		165.2	187.7	170.7
Intangible assets		325.5	336.2	325.5
PPP receivables		14.2	16.3	13.6
Investments in associates and joint ventures	8.13	335.0	291.7	327.0
Other financial assets	8.10	82.7	79.5	77.6
Employee benefits		63.0	124.2	72.5
Deferred tax assets	8.5	62.4	66.5	57.5
Non-current assets		1,255.8	1,284.5	1,243.9
Inventories		471.5	442.5	482.0
Trade and other receivables		1,377.9	1,316.3	1,229.8
Income tax receivable		13.1	5.0	14.2
Derivative financial instruments		0.1	0.5	0.5
Cash and cash equivalents	8.11	660.7	830.0	841.3
Current assets		2,523.3	2,594.3	2,567.8
Assets held for sale		5.6	401.5	7.7
Total assets		3,784.7	4,280.3	3,819.4
Share capital and premium		839.3	839.3	839.3
Reserves		-46.6	-77.1	-70.7
Retained earnings	8.12	52.2	-5.9	42.0
Equity attributable to the shareholders of the Company		844.9	756.3	810.6
Non-controlling interests		-2.2	-1.1	-2.1
Total equity		842.7	755.2	808.5
Borrowings	8.7	38.0	24.6	40.7
Lease liabilities		114.2	133.0	118.9
Derivative financial instruments		-	-	-
Employee benefits		27.9	61.9	45.6
Provisions		93.8	84.1	94.4
Social security and other taxes		-	104.2	-
Deferred tax liabilities	8.5	16.0	31.1	18.5
Non-current liabilities		289.9	438.9	318.1
Borrowings	8.7	9.2	20.8	12.0
Lease liabilities		54.4	59.7	55.8
Trade and other payables		2,425.7	2,614.1	2,468.5
Derivative financial instruments		0.6	-	-
Provisions		148.3	94.7	145.7
Income tax payable		13.9	9.0	10.8
Current liabilities		2,652.1	2,798.3	2,692.8
Liabilities held for sale		-	287.9	-
Total equity and liabilities		3,784.7	4,280.3	3,819.4

5. Interim consolidated statement of cash flows

(x € million)	Notes	1 st half-year 2023	1 st half-year 2022	Full-year 2022
Net result		60.1	84.8	177.7
Adjustments for:				
Income tax	8.5	11.9	24.1	37.9
Depreciation and amortisation		54.4	61.6	116.6
Impairments		0.6	12.5	13.5
Share of impairment charges in investments		-0.9	-0.5	1.5
Gain on sale of subsidiaries	8.14	-	-	-52.3
Gain on sale of property, plant and equipment		-1.6	-6.2	-10.1
Share of result of investments in associates and joint ventures		-15.1	-31.8	-58.5
Share based payments		2.0	-	3.7
Finance income		-10.8	-5.0	-8.8
Finance expense		3.9	3.4	6.6
Interest received		11.0	4.5	7.3
Dividends received from investments		12.5	17.7	36.0
Changes in provisions and pensions		-26.0	-27.4	24.0
Changes in working capital (excluding cash and cash equivalents)		-179.9	-271.8	-466.3
Cash flow from operations		-77.9	-134.1	-171.2
Interest paid		-5.7	-5.5	-10.9
Income tax received / (paid)		-8.6	-6.1	-15.2
Net cash flow from ordinary operations		-92.2	-145.7	-197.3
Investments in PPP receivables		-1.1	-1.5	-0.8
Repayments of PPP receivables		0.2	0.3	2.2
Net cash flow from operating activities		-93.1	-146.9	-195.9
Purchases of property, plant and equipment		-33.4	-46.7	-92.9
Purchases of intangible assets		-0.1	-	-1.6
Investments in non-current receivables and other financial assets		-11.3	-13.7	-28.9
Proceeds from sale of property, plant and equipment		5.5	7.5	15.5
Repayments of non-current receivables (loans)		0.4	5.2	9.9
Proceeds from disposal of intangible assets		2.1	-	0.6
Net proceeds from sale of subsidiaries		-	-39.8	-65.6
Net cash flow from investing activities		-36.8	-87.5	-163.0
Proceeds from borrowings		1.7	9.7	39.1
Repayments of borrowings		-7.2	-28.4	-50.6
Repayments of principal amount of lease liabilities		-28.6	-37.3	-67.4
Repurchase of ordinary shares	8.12	-11.5	-	-14.3
Dividends paid to shareholders of the Company	8.12	-22.0	-	-
Net cash flow from financing activities		-67.6	-56.0	-93.2
Change in net cash and cash equivalents		-197.5	-290.4	-452.1
Cash and cash equivalents at beginning of the year		841.3	1,284.7	1,284.7
Change in cash and cash equivalents in assets and liabilities held for sale		0.0	-145.5	42.3
Exchange rate differences on cash and cash equivalents		16.9	-18.8	-33.6
Net cash position at period-end	8.11	660.7	830.0	841.3

6. Segment and revenue information

The Group comprises of three reportable segments: Division Netherlands (NL), Division United Kingdom and Ireland (UK&I) and Invesis. Belgium and Germany and International are considered individual operating segments that are not reportable, and thus combined. The performance of the segments Netherlands, UK&I and Invesis are separately reported to and reviewed by the Executive Board. The Executive Board is identified as the Chief Operating Decision Maker ('CODM').

Adjusted EBITDA is the main segment performance measure. Adjusted EBITDA is defined as result before interest, tax, depreciation and amortisation, excluding restructuring costs, impairment charges and pension one-offs.

(x € million)	Division NL	Division UK&I	Invesis ¹	Belgium, Germany ² and International	Other including eliminations	Total
Revenue and results						
1st half-year 2023						
Revenue	1,348.0	1,559.3	-	61.6	-0.2	2,968.7
Adjusted EBITDA	55.1	62.9	3.1	1.1	-2.8	119.4
Adjusted items	-0.1	-0.5	-	0.5	-0.1	-0.2
EBITDA	55.0	62.4	3.1	1.6	-2.9	119.2
Depreciation and amortisation	-36.6	-16.0	-	-1.1	-0.7	-54.4
Impairment	0.3	-	-	-	-	0.3
Operating result	18.7	46.4	3.1	0.5	-3.6	65.1
Finance result	-0.1	9.5	-	1.1	-3.6	6.9
Result before tax	18.6	55.9	3.1	1.6	-7.2	72.0
1st half-year 2022						
Revenue	1,383.9	1,548.6	-	397.7	-1.3	3,328.9
Adjusted EBITDA	97.6	47.7	16.0	24.5	-3.8	182.0
Adjusted items	-0.1	-1.1	-	0.1	-	-1.1
EBITDA	97.5	46.6	16.0	24.6	-3.8	180.9
Depreciation and amortisation	-39.3	-12.0	-	-9.6	-0.7	-61.6
Impairment	-1.3	-	-	-7.7	-3.0	-12.0
Operating result	56.9	34.6	16.0	7.3	-7.5	107.3
Finance result	-0.2	-0.4	-	2.3	-0.1	1.6
Result before tax	56.7	34.2	16.0	9.6	-7.6	108.9

¹ In the first half-year of 2023, Invesis' 100 per cent revenue amounts to €28 million (2022: €18 million). BAM holds 50 per cent interest in the Invesis joint venture with PGGM.

² Adjusted EBITDA in the first half-year 2022 included adjusted EBITDA of Wayss & Freytag Ingenieurbau, which amounted to €15.8 million. Wayss & Freytag Ingenieurbau was sold by the Group on 15 September 2022.

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The revenue in the reportable segments of Division NL and Division UK&I is further disaggregated as follows:

Revenue	Division NL	Division UK&I
1st half-year 2023		
Construction and property	962	498
Ventures	-	199
Civil engineering	400	648
BAM Ireland	-	246
Other, eliminations and miscellaneous	-14	-32
Total	1,348	1,559
1st half-year 2022		
Construction and property	964	512
Ventures	-	108
Civil engineering	436	609
BAM Ireland	-	351
Other, eliminations and miscellaneous	-16	-31
Total	1,384	1,549

Total revenue of Belgium, Germany and International of €62 million (2022: €398 million) comprises revenue from Belgium of €54 million (2022: €166 million), Germany of nil (2022: €215 million) and International of €8 million (2022: €17 million).

Revenue is further disaggregated by nature as follows:

(x € million)	Division NL	Division UK&I	Belgium, Germany and International	Other including eliminations	Total
Revenue and results					
1st half-year 2023					
Construction contracts	1,145.8	1,425.2	31.3	-0.2	2,602.1
Property development	186.1	73.8	22.0	-	281.9
Service concession arrangements and other	16.1	60.3	8.3	-	84.7
	1,348.0	1,559.3	61.6	-0.2	2,968.7
1st half-year 2022					
Construction contracts	1,119.8	1,494.2	370.9	-1.3	2,983.6
Property development	251.3	0.9	18.7	-	270.9
Service concession arrangements and other	12.8	53.5	8.1	-	74.4
	1,383.9	1,548.6	397.7	-1.3	3,328.9

7. Figures per ordinary share with par value of €0.10

(x €1, unless indicated otherwise)	1 st half-year 2023	1 st half-year 2022	Full-year 2022
Earnings per share (<i>basic</i>)	0.22	0.31	0.66
Earnings per share (<i>diluted</i>)	0.22	0.31	0.65
Equity attributable to shareholders of the Company	3.10	2.77	3.02
Number of shares ranking for dividend (<i>x 1,000</i>)	272,930	273,407	268,120
Average number of shares ranking for dividend (<i>x 1,000</i>)	270,401	273,334	271,783
Number of shares ranking for dividend diluted (<i>x 1,000</i>)	272,930	273,407	268,120
Average number of shares ranking for dividend diluted (<i>x 1,000</i>)	272,708	273,334	275,555

8. Explanatory notes to the half-year 2023 Interim Financial Statements

1. General information

Royal BAM Group nv ('the Company') was incorporated under Dutch law and is domiciled in the Netherlands. These interim financial statements contain the financial data for the first six months of 2023 for the Company and its subsidiaries (jointly referred to as 'the Group') and includes its share in joint operations.

These interim financial statements were approved by the Supervisory Board and released for publication by the Executive Board on 16 August 2023. The information in these interim condensed consolidated financial statements is reviewed, not audited.

2. Basis of preparation

These interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the EU. The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with IFRS as adopted by the EU, and the commentary by the Executive Board earlier in this condensed interim report. The interim financial statements have been prepared on a going concern basis.

3. Accounting principles

The accounting policies adopted in the preparation of the interim financial statements are consistent with those applied in the Group's consolidated financial statements for the year ended 31 December 2022. The Group did not adopt early any new accounting standards, interpretations and amendments that have been issued but are not yet effective. Several amendments apply for the first time in 2023, but do not have an impact on the interim condensed consolidated financial statements of the Group.

The presentation of the interim consolidated income statement and the interim consolidated statement of comprehensive income as presented in this report have been extended to align with the presentation of the respective statements in the annual financial statements.

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The Group performed an assessment and concluded that the amendments have no impact on the Group's interim condensed consolidated financial statements, and is not expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

Exchange rates

The following exchange rates of the euro against the pound sterling (£) have been used in the preparation of these interim financial statements:

	1 st half-year 2023	1 st half-year 2022	Full-year 2022
Closing exchange rate			
Pound sterling	0.861	0.861	0.884
Average exchange rate			
Pound sterling	0.876	0.844	0.853

4. Estimates and judgements in the interim financial statements

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense, including the current market and climate change developments. The Group's assessment of the impact of climate-related matters and supply chain disruptions and inflation to judgments, estimates and assumptions remains the same as in the financial statements for the year ended 31 December 2022.

Actual results may differ from these estimates.

The significant assumptions and judgements made by management remains the same as those that were applied to the financial statements for the year ended 31 December 2022.

5. Taxes

As per 30 June 2023, the result before tax amounted to €72.0 million and the income tax expense amounted to €11.9 million. The effective tax rate is 16.5 per cent (30 June 2022: 22.1 per cent).

During the first half-year of 2023, the effective tax rate differs from the weighted average nominal rate of 25.1 per cent. The difference is mainly attributable to the recognition of additional deferred tax assets of €4.6 million relating to liquidation losses in BAM International.

Carry forward tax losses

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits are available against which tax losses can be utilised. BAM reassesses the forecasted future taxable profits and the tax loss settlement potential twice a year.

Other developments

In December 2022, the Council of the EU unanimously adapted the Directive implementing Pillar Two global minimum tax rules. This directive aims to ensure a global minimum level of taxation of 15 per cent in all countries in which multinational companies are present. The Group completed an initial assessment of the impact of the new rules based on initiatives presented by governments in countries in which the Group is active. In all such countries the applicable tax rate is above 15 per cent, except Ireland (12.5 per cent). However, it is expected that Pillar Two will not have an impact as the Irish government announced that it will increase the applicable tax rate to (or above) 15 per cent for large multinational companies once Pillar Two global minimum tax rules are adopted. An increased tax rate in Ireland will obviously have an impact to the Group's tax expense.

In the Netherlands, Pillar Two may have an impact to the Group's tax expense when significant liquidation losses (e.g. BAM International) are claimed. Liquidation losses are disregarded by Pillar Two; depending on the amount of liquidation losses and the amount of pre-tax income in a particular year, the effective tax rate in the Netherlands may be lower than 15 per cent as a result of which additional taxes may be due under Pillar Two regulations.

The Group is currently performing a more detailed assessment and implementing administrative requirements.

6. Goodwill

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment. In an impairment test, the recoverable amount of a cash-generating units (CGU) is

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determined based on a value-in-use calculation. This is determined using discounted cash flow projections and requires estimates in connection with the future development of revenues, profit before tax margins and the determination of appropriate discount rates. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

In 2023, impairment indication analyses were performed for CGUs with goodwill, consisting of qualitative and quantitative elements. BAM Bouw en Techniek (non-residential division NL) was identified as a CGU with an impairment indicator. Therefore, an impairment test was performed, together with CGUs with limited headroom at year-end 2022 (BAM Contractors and Kairos), reflecting recent developments and the latest market expectations. It was concluded that earlier applied key assumptions at year-end 2022, including discount rate, revenue growth rates and forecasted profit margins, remain appropriate. The impairment tests did not reveal any impairments; for CGU BAM Bouw en Techniek sufficient headroom remains. For CGUs with limited headroom, a reasonably possible change in a key assumption in the future could cause the CGU's carrying amount to exceed its recoverable amount. The sensitivity analyses for the CGUs with limited headroom are not significantly different compared to 31 December 2022.

7. Covenants

In various finance arrangements, the Group is bound by terms and conditions, both qualitative and quantitative and including financial ratios, in line with the industry's practice.

In the first half-year of 2023, the revolving credit facility was not used.

As per 30 June 2023, BAM complies with all financial covenant requirements; the recourse leverage ratio was negative 4.49 (≤ 2.75) and the recourse solvency ratio was 30.3 per cent (≥ 15 per cent). The Group reports a net recourse interest income instead of an expense in the first six months period ended 30 June 2023, making the recourse interest cover ratio not applicable (≥ 4.0).

The Group performed a sensitivity analysis on the covenant requirements for the next four quarters with satisfactory outcome. BAM notes that sensitivity analysis is to a certain extent judgmental and given the uncertainty inherent to forecasts, actual results may differ.

8. Contingencies

8.1 Legal proceedings

In the normal course of business the Group is involved in legal proceedings predominantly concerning litigation as a result of claims with respect to construction contracts.

In accordance with current accounting policies, the Group has recognised provisions for these claims, where appropriate, in its balance sheet. Some proceedings, if decided adversely or settled, may have a material impact on the Group's financial position, operational result or cash flows. In the first half-year of 2023 no significant legal proceedings took place.

8.2 Investigation

In October 2022, the Dutch Fiscal Information and Investigation Service (FIOD) and the Dutch Public Prosecutions Office (Openbaar Ministerie) have informed BAM International that it is the subject of an investigation into suspicions relating to potential fraud and corruption at some already completed projects. The timing and possible outcome of the investigation are uncertain. Therefore, the potential adverse financial impact of the outcome of the investigation, if any, cannot be reliably estimated at this time but could possibly be material.

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BAM is fully cooperating with the investigation and taking appropriate steps in connection with the investigation, including an internal review of the relevant projects. In July 2020, BAM announced its intention to wind down BAM International. Meanwhile all projects of BAM International have been completed.

9. Related party transactions

Transactions with related parties are conducted at arm's length, on terms comparable to those for transactions with third parties. In the first half-year of 2023 no significant related party transactions outside the ordinary course of business took place.

10. Fair value measurements and disclosures

The fair value of financial instruments not quoted in an active market is measured using valuation techniques. The Group uses various techniques and makes assumptions based on market conditions on balance sheet date. One of these techniques is the calculation of the net present value of the expected cash flows (DCF-method). The fair value of the interest rate swaps is calculated as the net present value of the expected future cash flows. The fair value of the forward exchange contracts is measured based on the 'forward' currency exchange rates on balance sheet date. In addition, valuations from financial institutions are requested for interest rate swaps.

Financial instruments include receivables valued on fair value through profit and loss, which are part of other non-current financial assets. These amounted to €68 million (2022: €63 million) and are classified as a level 3 valuation method. The fair value is determined based on the DCF-method, with no significant changes in assumptions compared to 31 December 2022.

11. Cash and cash equivalents

Cash and cash equivalents include the Group's share in cash of joint operations as part of the conditions in project specific funding agreements and amount to €299 million (31 December 2022: €254 million). From the remaining cash balance, an amount of €25 million (31 December 2022: €19 million) is not at the free disposal of the Group.

12. Equity

Ordinary shares

In the first half-year of 2023, the Group issued 4.6 million new ordinary shares to fulfil its obligation to shareholders that opted for the stock dividend (2022: nil). The shares were issued at no cost.

Dividend

On 12 April 2023, cash dividend of €0.15 per ordinary share with scrip alternative was approved (2022: nil). On 8 May 2023, the Group paid €22 million in cash and distributed 9.2 million shares to shareholders that opted for stock dividend (2022: nil).

Treasury shares

In the first half-year of 2023, the Group repurchased 6.0 million own shares for a total consideration of €11.5 million (first half-year of 2022: nil). The repurchases consist of the repurchase programme to offset the dilution effect due to the issue of stock dividend and of the various running share-based employee incentive schemes (5.2 million shares) and repurchase of vested shares from employees to settle their wage tax and social security premiums (0.8 million shares).

13. Investment in associates and joint ventures

Investment in associates and joint ventures

In the first half-year of 2023, the share of result of investment in associates and joint ventures amounted to a gain of €15 million (2022: €31.8 million), which resulted from the share of result from Invesis and other (property development) joint ventures.

Invesis joint venture

During the first half-year of 2023, the share of result of investments in the Invesis joint venture amounted to €3.1 million (2022: €16 million). In the first half-year of 2023, fair value of hedge instruments in Invesis resulted in a €1.7 million gain (2022: €18.7 million gain) in other comprehensive income (i.e. the effective portion of the hedge) and a €1 million gain (2022: €14 million gain) in profit and loss. Inherently, these unrealised gains reverse towards the maturity of the underlying instruments, resulting in a decrease in the carrying amount of Invesis. The gains are not distributable by the Group and therefore included in the legal reserve as explained in note 7.1 of the Company financial statements for the year ended 31 December 2022.

14. Assets held for sale and divestments

On 30 June 2022, assets held for sale comprised of the Group's stake in Wayss & Freytag Ingenieurbau AG, a wholly owned subsidiary within the Germany operating segment, including other non-core related assets. The sale of Wayss & Freytag Ingenieurbau AG was finalised on 15 September 2022, resulting to a gain of €52 million.

15. Events after the balance sheet date

No material events after the balance sheet date have occurred.

Independent auditor's review report

To: the shareholders and the supervisory board of Royal BAM Group nv

Our conclusion

We have reviewed the interim condensed consolidated financial information included in the accompanying half-yearly financial report of Royal BAM Group nv based in Bunnik for the period from 1 January 2023 to 30 June 2023.

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial information of Royal BAM Group nv for the period from 1 January 2023 to 30 June 2023, is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

The interim condensed consolidated financial information comprises:

- The interim consolidated statement of financial position as at 30 June 2023
- The following interim consolidated statements for the period from 1 January 2023 to 30 June 2023: the income statement, the statement of comprehensive income, the condensed statement of changes in equity and statement of cash flows
- The notes comprising material accounting policy information and selected explanatory information

Basis for our conclusion

We conducted our review in accordance with Dutch law, including the Dutch Standard 2410, "Het beoordelen van tussentijdse financiële informatie door de accountant van de entiteit" (Review of interim financial information performed by the independent auditor of the entity). A review of interim financial information in accordance with the Dutch Standard 2410 is a limited assurance engagement. Our responsibilities under this standard are further described in the Our responsibilities for the review of the interim condensed consolidated financial information section of our report.

We are independent of Royal BAM Group nv in accordance with 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 believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibilities of the executive board and the supervisory board for the interim condensed consolidated financial information

The executive board is responsible for the preparation and presentation of the interim condensed consolidated financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Furthermore, the executive board is responsible for such internal control as it determines is necessary to enable the preparation of the interim condensed consolidated financial information that is free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing Royal BAM Group nv's financial reporting process.

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Our responsibilities for the review of the interim condensed consolidated financial information

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The level of assurance obtained in a review engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with the Dutch Standards on Auditing. Accordingly, we do not express an audit opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with Dutch Standard 2410.

Our review included among others:

- Updating our understanding of Royal BAM Group nv and its environment, including its internal control, and the applicable financial reporting framework, in order to identify areas in the interim condensed consolidated financial information where material misstatements are likely to arise due to fraud or error, designing and performing analytical and other review procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion
- Obtaining an understanding of internal control as it relates to the preparation of interim condensed consolidated financial information
- Making inquiries of the executive board and others within Royal BAM Group nv
- Applying analytical procedures with respect to information included in the interim condensed consolidated financial information
- Obtaining assurance evidence that the interim condensed consolidated financial information agrees with, or reconciles to, Royal BAM Group nv's underlying accounting records
- Evaluating the assurance evidence obtained
- Considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle
- Considering whether the executive board has identified all events that may require adjustment to or disclosure in the interim condensed consolidated financial information
- Considering whether the interim condensed consolidated financial information has been prepared in accordance with the applicable financial reporting framework and represents the underlying transactions free from material misstatement

Utrecht, 16 August 2023

Ernst & Young Accountants LLP

Signed by J.H.A. de Jong