



Highlights and Key Figures Q1 2022:

Backlog execution according to plan, investment program on schedule for Final Investment Decision in July 2022

Operational highlights

- > One Lost Time Injury;
- > Sickness absenteeism at 8.2% (4.4% in Q1 2021) due to 2 waves of flue and covid infections;
- > Production of monopiles and transition pieces for Dogger Bank A and monopiles for Maasvlakte 2;
- > Marshalling services for Siemens Gamesa;
- > Workforce at end of Q1 stood at 366 permanent and 224 flexible FTE (end of Q1 2021: 389 permanent and 177 flexible);
- > Total throughput of approximately 48 Kton steel (44 Kton in Q1 2021).

Key figures

- > Contribution of €30.5m (€27.1m in Q1 2021) of which €26,3m for wind (€25,7m in Q1 2021), €2.4m for marshalling (€0.4m in Q1 2021) and €1.8m for other activities (€0.9m in Q1 2021), including engineering services;
- > EBITDA of €8.8m (€8.1m in Q1 2021);
- > EBITDA of €9.6m (€8.6m in Q1 2021) if adjusted for non-recurring expenses related to expansion studies and plans;
- > Net Working Capital at end of Q1 2022 - €24.3m (- €24.9m at end Q1 2021);
- > Cash at the end of Q1 2022 of €35.7m (€ 36.7m cash at end Q1 2021);
- > Orderbook contains approximately 133 Kton for remainder 2022 and 270 Kton for 2023-2024.

In € (millions)	Q1 2022	Q1 2021
Contribution	30.5	27.1
Adjusted EBITDA	9.6	8.6
Production (in Kton)	48	44

Orderbook (Kton) as at 12 May 2022	For remainder 2022	For 2023 and 2024
Contracted	133	215
Exclusive negotiation	0	55
Total	133	270

Fred van Beers, CEO of Sif Group, comments:

“During the first quarter of 2022, we executed our orderbook while managing the operational effects related to the war in Ukraine, more specific the prices of energy and the availability of steel and other materials that are critical to production. We were able to secure steel deliveries and we expect to be able to offset the additional costs for electricity and gas against production efficiency. We maintain our full-year EBITDA outlook, as communicated in March, to realize a slightly higher adjusted EBITDA in comparison to 2021, subject to macro-economic and political developments.

The mid to long term impact of the war on prices and availability of building materials in general and more specific of steel is hard to predict at this moment in time. As a significant amount of steel is included in our investment case we are continuously monitoring this specific element. From a

market demand perspective, the need to expand the production capacity for foundations, both in terms of size and quantity, is more obvious than ever. Countries throughout Europe have increased their ambitions for offshore wind capacity, also to become less dependent from Russian oil and gas. This will put an additional pressure on the already challenged supply chain. Regulatory and governmental offices can play a substantial role by implementing a more efficient and balanced permitting and tender approval process for renewable energy projects. Furthermore, political support (like accelerated building and environmental permitting processes and instruments to support investments in production capacity for renewable energy) to facilitate a supply chain ramp up throughout Europe is key to come as close as possible to achieving the targeted ambitions.

Customer support for our new production capabilities is one of our cornerstones for taking a Final Investment Decision. From this perspective, we are happy to be in exclusive negotiations on approximately 400 kilotons launching capacity for the new factory. Furthermore, clients have, subject to FID, committed to substantial funding. The overall conclusion is that we are moving closer to clarity on the capex amount and on the total committed financing. This implies that we expect to take a Final Investment Decision in July 2022."

Q1 2022 Developments

Health and Safety

The health and safety of our employees, subcontractors, visitors to our production facilities and our environment remains our daily priority. With the increasing size and weight of our products, safety incidents become more probable. It is regrettable that in the first quarter of 2022, one of our employees was injured during work. In order to further increase awareness on safety, safety stand-downs were organized and will continue to be held regularly in the future, as part of our safety culture awareness program.

Projects and Market Developments

During the first three months of 2022, monopiles and transition pieces were manufactured for Dogger Bank A and monopiles for Maasvlakte 2. Both projects will be delivered in the second quarter of 2022. Total production volumes for these projects are 136 kilotons or 95 foundations for Dogger Bank A and 4 kilotons or 12 foundations for Maasvlakte 2. In the first quarter of 2022, 48 kilotons were manufactured compared to 44 kilotons in the first quarter of 2021.

The war in Ukraine and the related sanctions against Russia have affected our market in several ways:

- Increased push for alternative energies, including offshore wind. Several countries have increased their longer-term target production of offshore wind energy, also outside of Europe. The funnel of projects has increased thanks to this push for additional sustainable and independent energy production;
- Volatility in the availability and pricing of raw materials, such as components for the steel that is applied in offshore foundations, and volatility in the pricing of energy do impact the tender discussions. Sif has secured steel for its orderbook thanks to a strong relation with its partners. Since steel is a pass-through item for Sif, pricing does not directly affect Sif's financial performance. Sif however is actively participating in dialogues between its steel supply partner and its end customers to mitigate the price impact related to securing raw materials for the required steel;
- Due to production capacity shortage in Europe, suppliers from the Middle East and Asia are offering their services for monopile production to developers of offshore wind farms;



- Availability of craftsmen from Eastern European countries, mainly Ukraine and Poland. For obvious reasons, people returned home or have not yet returned to Sif;
- Intensified exploration and production of oil & gas to counter dependency of Russian fossil energy creates new opportunities for our oil & gas engineering and production capacity. Sif has seen smaller tenders for pin piles and jacket parts and faces an increasing tender activity at KCI the engineers for oil & gas related projects.

Contribution* and EBITDA**

Production in Q1 2022 resulted in a contribution of €30.5 million or €635 per ton (€27.1m or €616 per ton in Q1 2021). Adjusted for contribution from marshalling and engineering activities, contribution was €26.6 million in Q1 2022 or €554 per ton (€598 per ton in Q1 2021). Contribution levels may vary quarter-to-quarter and depend upon progress, the level of completion of projects and the decision to subcontract parts of the project (for which a margin is gained but no tonnage is added). The difference between contribution per ton in Q1 2022 and Q1 2021 is mainly explained by a lower level of subcontracted work in scope of projects in Q1 2022. Adjusted EBITDA in Q1 2022, which excludes expenses that relate to the expansion program, amounted to €9.6 million compared to €8.6 million in Q1 2021.

Adjusted EBITDA per ton was €200 in Q1 2022, compared to €195 in Q1 2021. EBITDA during the first quarter of 2022 was negatively impacted by higher-than-normal sickness absenteeism and by strikes in pursuit of a new collective labor agreement. Post-quarter a new collective labor agreement was signed and we have seen sickness rates decreasing back to more regular levels. Production expenses were negatively impacted by higher energy costs, but these are offset against production efficiency.

*Contribution is calculated as revenue minus cost of raw materials, subcontracted work, logistics and other external project-related charges, and is a key financial indicator for Sif.

**EBITDA is calculated as profit before finance expenses, tax, depreciation and amortization.

Net Debt, Working Capital and Return on Capital Employed

Cash and cash equivalents changed only slightly from €36.7 million at the end of Q1 2021 to €35.7 million at the end of Q1 2022. Net working capital also remained virtually unchanged at -€24.3 million at the end of Q1 2022 compared to -€24.9 million at the end of Q1 2021.

With solvency (excl. IFRS 16) at 53% at the end of Q1 2022 and leverage of 0, Sif stayed comfortably within covenants of 35% and 2.5 respectively. Return on Average Capital Employed (ROACE) amounted to 38% using EBIT as a percentage of average equity, loans and borrowings, excluding lease commitments minus cash.

Orderbook and Outlook

The orderbook for the remainder of 2022 (1 April - 31 December) currently stands at approximately 133 Kton. On that basis we forecast a production level of approximately 180 Kton for full year 2022 compared to 171 Kton in 2021. Adjusted EBITDA for 2022 is expected to be slightly above the 2021 level, subject to macro-economic and political developments.

Utilization of capacity is based on steel throughput and on the number of finished products. It is important to combine these two indicators as foundations may become larger (longer and with greater diameters) and foundation wall thicknesses may become smaller. This will affect both monopile weight and production methods. Sif's production capacity is slightly over 200 Kton (on standard 24/5 factory hours). Based on these 24/5 working hours, Sif manufactures approximately



four to five monopiles a week. Our orderbook, the tender pipeline and market demand for 2023 and beyond indicate that capacity utilization at Sif is firm until well into 2024 and offers ample opportunity for healthy capacity utilization going forward.

In the first three months of 2022, approximately 20 kilotons were added to the orderbook, bringing the total production for 2023 and 2024 to approximately 270 kilotons.

Financial Calendar 2022

12 May 2022	2021 Annual General Meeting (AGM) of Shareholders; commencing at 1:00 p.m. CET. AGM can be followed through webcast. The link to webcast is on the Sif homepage (www.sif-group.com)
	Opportunity to take a guided tour of the factory before the AGM from 10:30 a.m. to 12:30 p.m. CET (advance registration required)
26 August 2022	Publication of 2022 interim results
4 November 2021	Publication of Q3 2022 results

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