

BAM reports €182 million adjusted EBITDA in first half-year

Royal BAM Group nv delivered a strong first half-year of 2022, based on a solid operational performance, further de-risking on projects and substantial progress with divestments. The net result improved significantly to €86 million. The cash position and order backlog remain at a good level. For 2022, BAM expects to deliver an adjusted EBITDA margin of at least 4 per cent, excluding the anticipated result on the Wayss & Freytag divestment. BAM expects to propose a dividend over the full-year 2022.

- Revenue increased 2% in Netherlands, United Kingdom and Ireland; total revenue declined 8% versus H1 2021 due to divestments
- Adjusted EBITDA increased 16% to €182 million, reflecting a margin of 5.5%, including positive effect of €16 million following settlement of Museum of the Future (Dubai) in Q2
- Strong improvement of net result to €86 million, earnings per share of €0.31 in first half-year
- Liquidity position of €830 million, excluding €188 million for Wayss & Freytag reported as held for sale
- Capital ratio improved to 17.7% (14.5% year-end 2021 and 13.2% H1 2021), completion of Wayss & Freytag transaction will add 2.3%
- Solid order book of €12.2 billion (including €900 million impact of divestments)

Key numbers (in € million, unless otherwise indicated)	1st half-year 2022	1st half-year 2021	Full-year 2021
Revenue	3,329	3,629	7,315
Adjusted EBITDA ¹	182.0	157.1	278.4
Adjusted EBITDA ¹ margin	5.5%	4.3%	3.8%
Net result attributable to shareholders	85.7	20.1	18.1
Order book (end of period)	12,200	13,800	13,200
Trade working capital efficiency	-16.6%	-15.7%	-16.9%

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

Ruud Joosten, CEO of Royal BAM Group:

‘Our operational results for the first half-year show a solid performance in our divisions the Netherlands, and the United Kingdom and Ireland. I am pleased that we have settled some legacy claims, especially for the Museum of the Future, and that we reached an agreement regarding the Afsluitdijk. Our capital ratio increased by more than 3 per cent, mainly driven by the significantly improved net result.

We are progressing well with our three-year strategy to create a more predictable, profitable and sustainable company. In the first half-year of 2022, we completed the divestments of BAM Galère and BAM Contractors in Belgium and we also announced the divestment of our German civil company Wayss & Freytag Ingenieurbau to be completed shortly. Our Belgium construction and property subsidiaries remain part of the Group. To further demonstrate our position as a frontrunner in the construction industry regarding sustainability, we have introduced accelerated targets to reduce our carbon emissions and we continue to invest to lower the emissions of our plant and equipment. In the Netherlands we have launched Flow, our innovative timber housing concept to meet the demand for affordable and sustainable homes. The construction of the offsite manufacturing facility for this new product is on schedule for completion later this year.

Press release of 18 August 2022, page 2 of 27

We started the second half of the year with an order book of €12.2 billion. Our level of order intake remains satisfactory and we continue to focus on contracts with a healthy risk/reward balance. Conditions in our key markets are mixed. Business climate and consumer confidence have declined in recent months and we continue to face industry-wide pressure in the supply chain, cost inflation and high competition to attract and retain employees. We are able to mitigate most of these headwinds through sourcing arrangements, contract terms and pricing. Also, we are well positioned by our multi-year backlog and we see ample market opportunities supported by demand for decarbonisation, critical infrastructure and sustainable buildings, where we have proven market-leading capabilities.

We are on track with the execution of our strategy to de-risk our portfolio and we reinforced our financial position. We are committed to realise our 2023 strategic targets. For 2022, BAM expects to deliver an adjusted EBITDA margin of at least 4 per cent, excluding the anticipated result of approximately €50 million on the Wayss & Freytag divestment.'

Business review first half-year 2022

Income statement (in € million)	1st half-year 2022		1st half-year 2021	
	Revenue	Adj. EBITDA	Revenue	Adj. EBITDA
Division Netherlands	1,384	97.6	1,423	72.0
Division United Kingdom and Ireland	1,549	47.7	1,452	47.3
Germany, Belgium and International	398	24.5	755	11.0
Inveis ¹		16.0		9.1
Eliminations and miscellaneous	-2.0	-3.8	-1.0	17.7
Total Group	3,329	182.0	3,629	157.1
Adjustment items ²		-1.1		-0.2
Depreciation and amortisation		-61.6		-73.4
Impairments		-12.0		-10.6
Interest charge		1.6		-7.5
Result before tax		108.9		65.4
Income tax		-24.1		-45.6
Non-controlling interest		0.9		0.3
Net result attributable to shareholders		85.7		20.1

¹ Inveis is the net result from BAM's 50 percent equity stake in the PPP joint venture with PGGM.

² Restructurings and pensions.

- Effective as per 1 January 2022, BAM implemented an operating model based on two divisions. Division Netherlands consists of the activities in construction and property and civil engineering. Division United Kingdom and Ireland consists of Construction UK, Civil engineering UK, Ventures UK (which includes property development) and BAM Ireland (comprising construction, civil engineering and property). The other operating companies are reported in the line item Germany, Belgium and International. BAM has divested several businesses since the start of 2021 including BAM Deutschland (October 2021) and the Belgian companies BAM Galère and BAM Contractors (February and May 2022 respectively). The comparative information has been adjusted in accordance with the new operating model.
- Revenue declined by 8 per cent to €3.3 billion compared to the first half-year of 2021. The divestments resulted in 10 per cent lower revenue. The combined revenue of the division Netherlands and division United Kingdom and Ireland increased by 2 per cent. The British pound exchange rate had a positive impact of €37 million. Joint venture revenue is not consolidated in Group revenue and was €154 million (H1 2021: €213 million).
- Adjusted EBITDA increased by 16 per cent to €182 million compared to the first half-year of 2021, including the positive effect of settlements of Museum of the Future in Dubai (€16 million) and sea lock IJmuiden (OpenIJ; €16 million), and the positive effect of changes in fair values of hedge instruments at Inveis (€14 million). The adjusted EBITDA margin improved to 5.5 per cent (H1 2021: 4.3 per cent).
- Net result improved substantially to €86 million (H1 2021: €20 million), reflecting earnings per share of €0.31 (H1 2021: €0.07). Total impairments of €12 million relate to the write-down of equipment, goodwill, property positions and divestments. The interest charge improved, mainly reflecting the repayment in the first half of 2021 of the €400 million revolving credit facility and the €120 million subordinated convertible bond. The improvement of net result was supported by the absence of a €30 million non-cash deferred tax charge, primarily due to changes in tax legislation, that had been recognised in the first half-year of 2021.

Division Netherlands

<i>(x € million, unless otherwise indicated)</i>	1st half-year 2022		1st half-year 2021	
	Revenue	Adj. EBITDA	Revenue	Adj. EBITDA
Construction and Property ¹	964	56.4	997	75.2
Civil engineering	436	31.0	441	-11.3
Other, eliminations and miscellaneous	-16	10.2	-15	8.1
Total division Netherlands	1,384	97.6	1,423	72.0
Trade working capital efficiency	-15.9%		-14.5%	
Revenue growth	-3%		3%	
Adjusted EBITDA margin		7.1%		5.1%
	1st half-year 2022		Full-year 2021	
Order book	4,590		4,388	
Order book growth	5%			

¹ Includes BAM Energie & Water and BAM Telecom.

- Revenue declined by 3 per cent compared to the first half-year of 2021, mainly as a result of continued selective tendering.
- Adjusted EBITDA improved by 36 per cent to €97.6 million compared to the first half-year of 2021, reflecting an adjusted EBITDA margin of 7.1 per cent (H1 2021: 5.1 per cent). The contribution of the construction and property activities was lower, following the very strong first half-year of 2021. Home sales totalled 858 (H1 2021: 1,446). Taking account of the start of some projects in the second half-year, full-year 2022 sales are expected to be at least 2,000 homes. In non-residential construction, cost inflation and delays had an impact on the margin. Civil engineering showed a recovery with a good operational performance in the regions. In the second quarter, the Level settlement on the Afsluitdijk project was ratified by the Dutch government covering scope reductions, planning and compensations, which has reduced the risk profile of the project significantly. The first quarter result included the positive settlement of €16 million for the sea lock IJmuiden (OpenIJ).
- The order book increased by 5 per cent to €4.6 billion, while BAM continues to be selective in tendering, especially regarding large scale lump-sum projects. As part of the Wayss & Freytag transaction, the order book of BAM Infra Nederland has been reduced by circa €200 million relating to the Brunsbüttel lock project. It still includes a 12.5 per cent share in the Fehmarnbelt tunnel project. Awarded contracts include: in Amsterdam, 'Aan het water' office project and a development of 242 apartments in Sluisbuurt; in Rotterdam, the rail project Waalhaven, and various optical fibre networks throughout the Netherlands.
- Market outlook. The Dutch government is committed to essential investments for energy transition, infrastructure and housing. Demand in BAM's energy, water and telecoms markets remains positive. Recently, the general business climate and consumer confidence have declined. The pressure in the supply chain for materials and employees is leading to cost increases and delays of some project awards. In the housing market, discussions about potential regulations to maximise the increase of rents are creating uncertainty for institutional investors. BAM continues to see attractive opportunities as demand remains high, and is investing in innovative solutions for sustainable and affordable homes.

Division United Kingdom and Ireland

<i>(x € million, unless otherwise indicated)</i>	1st half-year 2022		1st half-year 2021	
	Revenue	Adj. EBITDA	Revenue	Adj. EBITDA
Construction UK	512	22.0	511	19.2
Civil engineering UK	609	19.4	605	15.1
Ventures UK (including property)	108	6.0	96	6.5
Ireland (construction, property, civil engineering)	351	5.9	269	6.7
Other, eliminations and miscellaneous	-31	-5.6	-29	-0.2
Total division United Kingdom and Ireland	1,549	47.7	1,452	47.3
Trade working capital efficiency	-18.1%		-17.6%	
Revenue growth ¹	7%		41%	
Adjusted EBITDA margin		3.1%		3.3%
	1st half-year 2022		Full-year 2021	
Order book ¹	6,109		6,586	
Order book growth	-7%			

¹ The British pound exchange rate had a €37 million positive effect on revenues and a negative effect of €167 million on the order book.

- **Revenue** increased by 7 per cent compared to the first half-year of 2021, also supported by the high activity level on some larger civil projects. In Ireland, revenues recovered after the impact of the Covid-19 restrictions in the first half of 2021. The British pound exchange rate had a €37 million positive effect on revenues.
- **Adjusted EBITDA** improved by 1 per cent to €48 million compared to the first half-year of 2021, reflecting an adjusted EBITDA margin of 3.1 per cent (H1 2021: 3.3 per cent). The contribution of Construction UK was impacted by supply chain issues on some larger contracts while Civil engineering UK showed a solid performance supported by a high activity level. The newly established Ventures business which includes property UK, Ritchies (geotechnical engineering), facility management, site solutions and EV charging solutions made a satisfactory contribution. The result in Ireland included the positive effect of €3 million for their share of the claim settlement of Museum of the Future. BAM is in constructive dialogue with the client regarding the settlement of the National Children's Hospital in Dublin, which is currently 71 per cent completed.
- The **order book** declined by 7 per cent to €6.1 billion, including a negative effect of €167 million due to the British pound exchange rate. Awarded contracts include phase one of Nuneaton town centre's Abbey Street development and several schools. Furthermore, BAM is partner for the framework agreements for the Devonport Royal Dockyard 10 Dock refurbishment, Northern Ireland Water's Major Project Partnership Framework and was reappointed on Manchester Airport Group's Major Capital Works Framework.
- **Market outlook.** In the United Kingdom, the government has announced to significantly increase public investment over the next four years, resulting in a positive outlook for health, justice, defence, leisure and education. Recently, the business and consumer confidence have declined. In Ireland, the outlook is mixed due to macro-economic uncertainties and cost inflation. The Irish government has committed to a National Development Plan for 2021-2040 with a proposed capital spend of €165 billion focused on infrastructure.

Germany, Belgium and BAM International

(x € million, unless otherwise indicated)

	1st half-year 2022		1st half-year 2021	
	Revenue	Adj. EBITDA	Revenue	Adj. EBITDA
Germany, Belgium and International	398	24.5	755	11.0

Revenues declined substantially due to the divestments of BAM Deutschland, BAM Galère and BAM Contractors. The improvement of adjusted EBITDA was supported by €13 million following the settlement of the Museum of the Future (80 per cent BAM International). In Germany, BAM still shares responsibility for some projects of BAM Deutschland.

The order book declined by €800 million versus year-end 2021 to €1.5 billion, of which around €1.2 billion for Ways & Freytag. After the completion of the announced divestment of Ways & Freytag, BAM will continue with BAM Interbuild and Kairos in Belgium with combined annual revenues of approximately €150 million.

PPP joint venture Invesis

BAM's overall share of the net result of Invesis for the first half-year of 2022 was €16 million, of which €14 million was due to positive changes in fair values of hedge instruments. In the second quarter, BAM implemented hedge accounting for the Invesis projects and changes in fair values of hedge instruments are now predominantly reported through other comprehensive income in equity. In this period, the positive effect of changes in fair values of hedge instruments was €2 million presented in the income statement and €19 million in equity.

Invesis reached financial close on the Egied Van Broeckhoven School in Brussels, which is the initial project within a larger Belgium school building programme. There is a healthy pipeline of PPP project prospects and active bids at various stages of procurement. At 30 June 2022 there were 41 operational projects (FY 2021: 41) with a further 7 under construction (FY 2021: 6), making 48 PPP projects in total (FY 2021: 47).

Share buyback for incentive schemes

BAM will buy back up to 5.3 million shares to fulfill its obligations for the various running share-based employee incentive schemes vesting up to April 2025. The share buyback is executed upon the specific authorisation granted by the Annual General Meeting of 13 April 2022 and will start on 19 August 2022.

Financial review

Cash flow ¹

<i>(in € million)</i>	1st half-year 2022	1st half-year 2021	Full-year 2021
Cash flow from operations ²	152	127	222
Working capital	-272	-22	142
Provisions and pensions	-27	-43	-44
Cash flow from operating activities	-147	62	320
Cash flow from investing activities	-87	-52	-166
Cash flow from financing activities	-56	-588	-661
Increase/decrease in cash position	-290	-578	-507
Cash and cash equivalents beginning period	1,285	1,789	1,789
Changes in assets and liabilities held for sale	-146		-42
Exchange rate differences, other changes	-19	29	45
Cash and cash equivalents	830	1,240	1,285

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.

Overall, cash and cash equivalents declined with €455 million during the first half of the year to €830 million.

In the first half-year of 2022, BAM generated a cash flow from operations of €152 million (H1 2021: €127 million) mainly driven by the higher adjusted EBITDA. The outflow of working capital followed the seasonal pattern, whereas in the first half of 2021 the outflow was minimal due to the received advanced payments on some larger projects. Trade working capital efficiency was stable, ending the first half-year at -16.6 per cent (FY 2021: -16.9 per cent).

Cash flow from investing activities of -€87 million mainly relates to the regular capital expenditure and includes a net outflow of €40 million from the divestments of BAM Galère and BAM Contractors.

Cash flow from financing activities in the first half-year 2022 of -€56 million is related to leases and repayment of interest bearing debt. The large cash out in the first half-year of 2021 included the repayment of the €400 million RCF and the €120 million subordinated convertible bond.

The change in assets and liabilities held for sale is related to the announced divestment of Wayss & Freytag and the completed divestments of BAM Galère and BAM Contractors.

When completed, the Wayss & Freytag transaction will drive a strong recovery of the cash position.

Financial position

<i>(x € million)</i>	1st half-year 2022	Full-year 2021	1st half-year 2021
Cash position	830	1,285	1,240
Interest-bearing debt	-45	-66	-96
Net (debt) / cash before lease liabilities	785	1,219	1,144
Lease liabilities	-193	-215	-261
Net (debt) / cash	592	1,004	883
Capital base	756	654	640
Balance sheet total	4,280	4,496	4,856
Capital ratio	17.7%	14.5%	13.2%
Capital employed	1,275	1,273	1,680
Return on average capital employed	8.7%	5.6%	11.7%

In the first half-year of 2022, BAM's net cash position reduced by €434 million to an end-position of €785 million. This reduction is the result of the increase in working capital of €272 million (explained by the seasonal pattern) and the change in assets and liabilities held for sale of €146 million, which was due to the reclassification of €188 million of cash related to Wayss & Freytag as assets held for sale and the completed divestments of BAM Galère and BAM Contractors. The remaining Covid-19 deferred VAT and salary tax payments is at €118 million.

There was a decline of € 22 million in lease liabilities, to €193 million, of which €15 million related to the reclassification of Wayss & Freytag as assets held for sale.

The strong increase in capital base to €756 million is driven by the net result for the first half-year (€86 million), increased hedge reserves (€19 million) and actuarial gains (€15 million). This was partly offset by the effect of foreign exchange rates (-€19 million).

BAM's capital ratio improved by more than 3 per cent at mid-year 2022 to 17.7 per cent compared to 14.5 per cent at the end of 2021. This was due to the strong improvement of the net result, combined with the shortening of the balance sheet, mainly as effect of divestments. When completed, the Wayss & Freytag transaction will have a positive effect of 2.3 per cent. The return on average capital employed was 8.7 per cent.

The Group was well within the limits of all its recourse banking covenants as at 30 June 2022. See Explanatory note 8.8 to the half-year 2022 interim financial statement.

Risks and uncertainties

As indicated in the annual report for the 2021 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 2021 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 analysts' meeting at 10.00 a.m. CET on 18 August 2022 to discuss the results, as well as the company's strategic progress. A live audio webcast of this meeting will be made available at the Royal BAM Group website: www.bam.com.

Key dates

3 November 2022	Trading update first nine months 2022
16 February 2023	Publication of annual results 2022
12 April 2023	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.

Press release of 18 August 2022, page 10 of 27

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 2022

1. Interim condensed consolidated income statement

(x € million)	Notes	1 st half-year 2022	1 st half-year 2021	Full-year 2021
Revenue	6	3,328.9	3,628.8	7,315.3
Operating result before depreciation, amortisation and impairment charges, restructuring costs and share of result of investments in associates and joint ventures		150.2	133.9	328.5
Depreciation and amortisation charges		-25.0	-29.5	-59.7
Depreciation right-of-use assets		-36.7	-43.9	-85.6
Impairment charges	8.7, 8.15	-12.0	-10.6	-48.5
Restructuring costs		-1.0	-0.2	-6.5
Share of result of investments in associates and joint ventures	8.13	31.8	23.2	-50.1
Operating result		107.3	72.9	78.1
Finance income		5.0	2.1	3.9
Finance expense		-3.4	-9.6	-16.1
Total finance income and expense		1.6	-7.5	-12.2
Result before tax		108.9	65.4	65.8
Income tax	8.4	-24.1	-45.6	-48.8
Net result		84.8	19.8	17.0
Attributable to:				
Shareholders of the Company		85.7	20.1	18.1
Non-controlling interests		-0.9	-0.3	-1.1
		84.8	19.8	17.0
Earnings per share (x €1)				
Net result attributable to shareholders of the company (basic)		0.31	0.07	0.07
Net result attributable to shareholders of the company (basic)		0.31	0.07	0.07

2. Interim condensed consolidated statement of comprehensive income

(x € million)	Notes	1 st half-year 2022	1 st half-year 2021	Full-year 2021
Net result for the period		84.8	19.8	17.0
<i>Items that may be reclassified to the income statement, net of tax</i>				
Cash flow hedges		19.0	-0.3	0.3
Exchange rate differences		-18.7	21.4	22.0
<i>Items that will not be reclassified to the income statement, net of tax</i>				
Remeasurements of post-employment benefit obligations		14.7	14.7	27.4
Other comprehensive income		15.0	35.9	49.7
Total comprehensive income, net of tax		99.8	55.6	66.7
Attributable to:				
Shareholders of the Company		100.7	55.9	67.8
Non-controlling interests		-0.9	-0.3	-1.1
		99.8	55.6	66.7

Exchange rate differences include the translation of foreign companies as a result of the decreased pound sterling from 31 December 2021 to 30 June 2022.

3. Interim condensed consolidated statement of changes in equity

(x € million)	Notes	1 st half-year 2022	1 st half-year 2021	Full-year 2021
As at 1 January		653.4	584.7	584.7
Net result for the period		84.8	19.8	17.0
Cash flow hedges		19.0	-0.3	0.3
Remeasurements of post-employment benefit obligations		14.7	14.7	27.5
Exchange rate differences		-18.7	21.4	21.9
Other comprehensive income net of tax		15.0	35.8	49.7
Total comprehensive income		99.8	55.6	66.7
Dividends paid (including non-controlling interests)		-	-	-
Other changes		2.0	-0.6	2.0
Total change		101.8	55.0	68.7
Position as at period-end		755.2	639.7	653.4

BAM will buy back up to 5.3 million shares to fulfill its obligations for the various running share-based employee incentive schemes vesting up to April 2025. The share buyback is executed upon the specific authorisation granted by the Annual General Meeting of 13 April 2022 and will start on 19 August 2022.

4. Interim consolidated statement of financial position

(x € million)	Notes	30 June 2022	30 June 2021	31 December 2021
Property, plant and equipment		182.4	242.1	198.2
Right-of-use assets		187.7	263.1	210.0
Intangible assets		336.2	348.3	346.4
PPP receivables	8.11	16.3	12.6	14.7
Investments in associates and joint ventures	8.13	291.7	274.1	252.9
Other financial assets	8.11	79.5	89.4	78.1
Employee benefits		124.2	64.5	98.4
Deferred tax assets	8.4	66.5	88.9	86.8
		1,284.5	1,383.0	1,285.5
Inventories		442.5	498.7	430.1
Trade and other receivables		1,316.3	1,723.5	1,238.8
Income tax receivable		5.0	3.0	3.6
Derivative financial instruments	8.11	0.5	0.2	0.5
Cash and cash equivalents		830.0	1,240.0	1,284.7
Current assets		2,594.3	3,465.4	2,957.7
Assets held for sale	8.14	401.5	7.8	252.7
Total assets		4,280.3	4,856.2	4,495.9
Share capital and premium		839.3	839.3	839.3
Reserves		-77.1	-78.6	-77.5
Retained earnings		-5.9	-120.6	-108.2
Equity attributable to the shareholders of the Company		756.3	640.1	653.6
Non-controlling interests		-1.1	-0.4	-0.2
Total equity		755.2	639.7	653.4
Borrowings	8.8	24.6	19.1	25.9
Lease liabilities		133.0	179.4	146.4
Derivative financial instruments	8.11	-	0.4	-
Employee benefits		61.9	105.4	86.3
Provisions		84.1	173.3	117.0
Social security and other taxes	8.4	104.2	172.7	110.6
Deferred tax liabilities	8.4	31.1	22.9	24.4
Non-current liabilities		438.9	673.2	510.7
Borrowings	8.8	20.8	76.3	39.1
Lease liabilities		59.7	82.2	69.3
Trade and other payables		2,614.1	3,267.9	2,871.7
Derivative financial instruments	8.11	-	0.6	0.7
Provisions		94.7	106.4	93.0
Income tax payable		9.0	9.9	10.9
Current liabilities		2,798.3	3,543.3	3,084.7
Liabilities held for sale	8.14	287.9	-	247.1
Total equity and liabilities		4,280.3	4,856.2	4,495.9
Capital base		756.3	640.1	653.6

5. Interim condensed consolidated statement of cash flows

(x € million)	1 st half-year 2022	1 st half-year 2021	Full-year 2021
Net result	84.8	19.8	17.0
Adjustments for:			
Income tax	24.1	45.7	48.8
Depreciation and amortisation charges	24.9	29.5	59.7
Depreciation of right of use assets	36.7	43.9	85.6
Impairment charges	12.0	10.6	48.5
Result on sale of property, plant and equipment	-6.2	-2.7	-7.3
Share of result of investments in associates and joint ventures	-31.8	-23.3	-50.1
Finance income and expense	-1.6	7.5	12.2
Interest received	4.5	2.1	3.6
Dividends received from investments in associates and joint ventures	17.7	6.6	34.8
Changes in provisions and pensions	-27.4	-42.9	-44.3
Changes in working capital (excluding cash and cash equivalents)	-271.8	-22.6	141.9
Cash flow from operations	-134.1	74.2	350.4
Interest paid	-5.5	-17.0	-25.9
Income tax received / (paid)	-6.1	6.1	-0.4
Net cash flow from ordinary operations	-145.7	63.3	324.1
Investments in PPP receivables	-1.5	-1.6	-4.2
Repayments of PPP receivables	0.3	0.2	0.3
Net cash flow from operating activities	-146.9	61.9	320.2
Purchases of property, plant and equipment	-46.7	-26.2	-64.9
Purchases of intangible assets	-	-	-4.5
Investments in non-current receivables and other financial assets	-13.7	-42.1	-36.2
Investments in subsidiaries, net of cash required	-	-	-5.2
Proceeds from sale of property, plant and equipment	7.5	10.8	21.3
Repayments of non-current receivables (loans)	5.2	14.1	16.0
Proceeds from disposal of intangible assets	-	-	2.4
Net proceeds from sale of subsidiaries	-39.8	-8.2	-94.5
Net cash flow from investing activities	-87.5	-51.6	-165.6
Proceeds from borrowings	9.7	20.0	35.0
Repayments of borrowings	-28.4	-561.8	-609.5
Repayments of principal amount of lease liabilities	-37.3	-45.9	-87.5
Net cash flow from financing activities	-56.0	-587.7	-662.0
Change in net cash and cash equivalents	-290.4	-577.4	-507.4
Cash and cash equivalents at beginning of the year	1,284.7	1,788.9	1,788.9
Change in cash and cash equivalents in assets and liabilities held for sale	-145.5	-	-42.3
Exchange rate differences on cash and cash equivalents	-18.8	28.5	45.5
Net cash position at period-end	830.0	1,240.0	1,284.7
Cash and cash equivalents	830.0	1,240.0	1,284.7
Bank overdrafts	-	-	-
Net cash position at period-end	830.0	1,240.0	1,284.7
Of which in joint operations:	312.3	403.3	395

6. Segment and revenue information

As per 1 January 2022, Royal BAM Group nv has implemented a new organization structure to further improve effectiveness and access to growth opportunities. The implementation of this new structure is the next step in realizing the strategic agenda for 2021-2023 (Building a sustainable tomorrow). Thus, in 2022, the Group has changed its internal organisation (organisational structure, management structure and internal reporting structure) and the composition of its operating segments, which resulted in a change in reportable segments. Accordingly, the Group has restated the previously reported segment information for the period 30 June 2021. The activities has been grouped in two new divisions, one dedicated to the Netherlands and the other to the United Kingdom and Ireland. This new structure has replaced the previous business lines Construction and Property and Civil engineering. With this new organisational structure, BAM will enhance its effectiveness and focus on growth, leveraging its market positions in the Netherlands, the United Kingdom and Ireland.

Based on the Company's evaluation on how the Company allocates resources and analyses performance in the new organisational structure, the Company has revised the presentation of its reportable segments by the identification of three reportable segments: Division Netherlands (NL), Division United Kingdom and Ireland (UK&I) and Inveis. 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 Inveis are separately reported to and reviewed by the Executive Board. The Executive Board is considered the Chief Operating Decision Maker ('CODM').

(x € million)	Division NL	Division UK&I	Inveis ¹	Belgium, Germany and International	Other including eliminations	Total
Revenue and results						
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
Services concession arrangements and other	12.8	53.5	-	8.1	-	74.4
Revenue from external customers	1,383.9	1,548.6	-	397.7	-1.3	3,328.9
Adjusted EBITDA²	97.6	47.7	16.0	24.5	-3.8	182.0
Adjusted items	-0.1	-1.1	-	0.1	-	-1.1
Depreciation and amortisation	-39.3	-12.0	-	-9.6	-0.7	-61.6
Impairment	-1.3	-	-	-7.7	-3.0 ³	-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
1st half-year 2021 (restated)						
Construction contracts	1,093.8	1,408.4	-	711.9	-1.9	3,212.2
Property development	315.1	-	-	19.9	-	335.0
Services concession arrangements and other	14.6	43.5	-	23.5	-	81.6
Revenue from external customers	1,423.5	1,451.9	-	755.3	-1.9	3,628.8
Adjusted EBITDA	72.0	47.3	9.1	11.0	17.7	157.1
Adjusted items	0.1	-	-	-0.6	0.3	-0.2
Depreciation and amortisation	-36.2	-11.0	-	-21.8	-4.4	-73.4
Impairment	-9.0	-	-	-1.6	-	-10.6
Operating result	26.9	36.3	9.1	-13.0	13.6	72.9
Finance result	-0.8	-0.6	-	-2.1	-4.0	-7.5
Result before tax	26.1	35.7	9.1	-15.1	9.6	65.4

¹ In the first half-year 2022, Inveis' 100 per cent revenue amounts to €18 million (2022: €31.7 million). BAM holds 50 per cent joint venture in Inveis with PGGM.

² Adjusted EBITDA is the main segment performance measure. Adjusted EBITDA is the result before tax excluding restructuring costs, impairment charges, pension one-off, depreciation and amortisation, and interest charges.

³ Refers to impairment of goodwill in BAM Contractors Ltd, in Division UK&I. See Note 8.7.

Press release of 18 August 2022, page 17 of 27

Within Division NL, an agreement was reached between Level and the Dutch government on the Afsluitdijk project in the first half-year of 2022. The signed agreement did not significantly change the project estimates made as of 31 December 2021. Within International and Division UK&I, a final settlement was reached in the first half-year 2022 regarding Museum of the Future resulting in an additional €16 million project result.

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

Revenue	Division Netherlands	Division UK and Ireland
1st half-year 2022		
Construction and Property ⁴	964	512
Ventures ⁵	-	108
Civil engineering	436	609
BAM Ireland	-	351
Other, eliminations and miscellaneous	-16	-31
Total	1,384	1,549
1st half-year 2021 (restated) ⁶		
Construction and Property ⁴	997	511
Ventures ⁵	-	96
Civil engineering	441	605
BAM Ireland	-	269
Other, eliminations and miscellaneous	-15	-29
Total	1,423	1,452

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

(x €1, unless indicated otherwise)	1 st half-year 2022	1 st half-year 2021	Full-year 2021
Net result attributable to shareholders of the company (basic)	0.31	0.07	0.07
Net result attributable to shareholders of the company (diluted)	0.31	0.07	0.07
Cash flow (net result plus depreciation, amortisation and impairment charges)	0.58	0.38	0.78
Equity attributable to shareholders of the company	2.77	2.34	2.39
Highest closing share price	3.44	2.60	3.03
Lowest closing share price	2.21	1.61	1.61
Closing share price at period-end	2.26	2.34	2.69
Number of shares ranking for dividend (x 1,000)	273,407	273,296	273,296
Average number of shares ranking for dividend (x 1,000)	273,334	273,296	273,296
Number of shares ranking for dividend diluted (x 1,000)	273,407	273,296	273,296
Average number of shares ranking for dividend diluted (x 1,000)	273,334	295,810	284,461

⁴ Includes BAM Telecom and BAM Energie & Water.

⁵ Includes Property within Division UK&I.

⁶ As a result of the strategic plan period 2021-2023, the Group has changed its internal organisation and the composition of its operating segments, which resulted in a change in reportable segments. Accordingly, the Group has restated the previously reported segment information for the period 30 June 2021.

8. Explanatory notes to the half-year 2022 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 2022 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 17 August 2022. 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 2022 have been prepared in accordance with IAS 34, 'Interim Financial Reporting' as endorsed by the EU. The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with IFRS as endorsed 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 condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021. 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 2022, but do not have an impact on the interim condensed consolidated financial statements of the Group.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services. These costs that relate directly to the contract include both incremental costs (e.g., the costs of direct labour and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfil the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendment is effective for annual periods beginning on or after 1 January 2022. The Group's accounting policies are already in line with the amendment even before it was made effective. Thus, the amendment has no impact to the Group as of 30 June 2022.

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments add an exception to the recognition principle of IFRS 3 Business Combinations to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. The amendments also add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendment is effective for annual periods beginning on or after 1 January 2022. These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no contingent assets, liabilities and contingent liabilities within the scope of these amendments arisen during the period.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The amendment is effective for annual periods beginning on or after 1 January 2022. These amendments had no impact on the interim condensed consolidated financial statements of the Group as there were no modifications of the Group's financial instruments during the period.

Exchange rates

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

	1st half-year 2022	1 st half-year 2021	Full-year 2021
Closing exchange rate			
Pound sterling	0.86147	0.85990	0.83805
Average exchange rate			
Pound sterling	0.84431	0.87079	0.86155

4. Taxes

As per 30 June 2022, the result before tax amounted to €109 million and the income tax amounted to €24 million. The effective tax rate is 22.1 per cent (30 June 2021: 69.7 per cent).

During the first half-year of 2022, the effective tax rate is close to the statutory tax rate, the difference of which was mainly influenced by reassessment of tax losses settlement potential (€2 million negative impact on the profit and loss), tax rate differences in other countries (€4 million positive impact on the profit and loss) and the non-deductible participations related results (€4 million positive impact on the profit and loss). The change in effective tax rate in the first half-year of 2022 is 47.6 percent is mainly related to non-recurring items in 2021, including additional tax losses in the Netherlands and Germany (€11 million recognition of deferred tax assets), change in tax loss carry-forward rules in the Netherlands (derecognition of deferred tax assets of €28 million) and change in tax rate in the UK (negative impact on profit and loss of €12 million and positive impact on other comprehensive income of €9 million).

Tax losses

Deferred tax asset is 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.

Deferral of tax payment

During the first half-year of 2022, there were no new temporary deferral of tax payments (value added tax and wage tax) granted by certain tax authorities in response to Covid-19. The total deferral of tax payments, which were granted in 2020, amounted to approximately €118 million as per 30 June 2022 (31 December 2021: €120 million). An amount of €14 million has been included in trade and other payables and the long term part of €104 million, which is to be settled in the second half of 2024 up to 2027, forms part of the social security and other taxes in the non-current liabilities in the interim consolidated statement of financial position.

VAT settlements

The Group received VAT settlements in the Netherlands and Germany. The Group received €4 million VAT settlement with regard to the private use of company cars in the Netherlands and €6 million VAT refund settlement and €3 million legal interest settlement in Germany. Total VAT settlements amounting to €10

million are reported in Operating results and Interest of €3 million is reported in Finance income in the interim consolidated income statement.

5. Seasonal influences

Due to the seasonal nature of the business, sometimes adversely influenced by winter conditions, higher revenue is usually expected in the second half of the year.

6. Estimates and judgement 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, climate change developments and the impact of the ongoing war in Ukraine. The Group's assessment of the impact of climate-related matters to judgments, estimates and assumptions remain the same as in annual financial statements for the year ended 31 December 2021.

The ongoing war between Ukraine and Russia have significantly impacted the world's economy. Although the Group does not have any operations, assets or projects in Ukraine or Russia, the global scale of the economic impact of the war was inevitably felt by BAM. The increase in price of oil, steel and other key raw materials generally drove prices up, resulting to more pressure to inflation and increase in interest rates. In addition, the adverse supply and demand impact of the post-Covid-19 economic recovery continues to be worsened by the war in Ukraine. With these factors in play, the European market is expected to face more uncertainty which could impact the Group. The economic impact of the war between Ukraine and Russia is prevalent, and has generally increased estimation uncertainty on projects, with some more affected than others, particularly on estimating costs to fulfil contracts because of price increases and delays in the supply chain. The Group's project results have been negatively affected to a certain degree and has broadened the bandwidth of project result estimation. The Group continues to increase contractual awareness and periodically revisits project estimates to pay attention to the treatment of costs that are not contractually agreed and to the actions to address price changes in contracts. It did not directly impact any significant accounting judgements made by the Group.

Actual results may differ from these estimates. Further information and considerations with regard to areas of significant judgments and estimates have been disclosed below and in note 8.4.

The other significant judgements made by management remained the same as those that were applied to the consolidated financial statements for the year ended 31 December 2021.

7. Goodwill and Impairments

Goodwill

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate a potential impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations are determined using discounted cash flow projections and require 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 of CGU exceeds its recoverable amount.

In 2022, an impairment test has been performed for two CGUs, BAM Contractors Ltd and Kairos previously identified with limited headroom, that represented a carrying amount of €55 million. The underlying key assumptions for calculating the recoverable amount (based on value in use) of each CGU did not significantly change compared to 31 December 2021, except for the Weighted Average Cost of Capital ('WACC').

Press release of 18 August 2022, page 21 of 27

The increase in WACC used for the impairment test resulted in an impairment loss of goodwill of €3 million for BAM Contractors Ltd. The impairment test performed for the CGU Kairos revealed no impairment but still has limited headroom. For BAM Contractors Ltd and Kairos, a reasonably possible change in a key assumption in the future could cause the CGU's carrying amount to exceed its recoverable amount. In this respect, the sensitivity analysis for these CGUs is not significantly different compared to 31 December 2021. The remainder of the CGUs within the Group, to which goodwill has been allocated, did not reveal any impairment indications as at 30 June 2022. The carrying amount of goodwill of both CGUs after the impairment amounted to €52 million as per 30 June 2022 (31 December 2021: €55 million).

The WACC used to determine the value in use (recoverable amount) for BAM Contractors Ltd is 8.7 per cent (31 December 2021: 7.6 per cent). The WACC forms a crucial underlying assumption for calculating the recoverable amount of each CGU. If and when this underlying assumption would change in future, this could have significant impact on the CGU's recoverable amount (based on value in use), which might give rise that the recoverable amount would be less than the carrying amount of the CGU to which goodwill is allocated.

Goodwill decreased by €7 million from €330 million to €323 million of which €3 million is related to impairments and €4 million to foreign currency translation differences. The impairment in goodwill is reported as impairment charges in the interim condensed income statement and forms part of the Division UK&I operating segment.

Inventories, right of use assets and fixed assets

In the first six months of 2022, the Group recognised impairment charges amounting to €11 million on several property developments in the Netherlands which have been reported at their net realisable value, offset by reversals amounting to €9 million. Furthermore, an impairment reversal of €1 million was recognised on right of use assets regarding a lease of a building in the Netherlands. All these impairments and reversals, netting to €1 million, are reported as impairment charges in the interim condensed income statement and form part of the Division NL operating segment.

In addition, BAM recognised an impairment charge of €5 million on certain fixed assets held for sale from their carrying amount to their recoverable amount, which forms part of the International operating segment. BAM also recognised impairment charges on certain fixed assets of BAM Galère and BAM Contractors nv to bring the carrying amount to its recoverable amount, totally amounting to €3 million, which are reported as impairment charges in the interim condensed income statement and form part of the Belgium operating segment.

8. Covenants

With regard to the 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.

As at the first half of 2022, the revolving credit facility was not used. In the first half of 2021, BAM fully repaid the RCF of €400 million which was drawn in 2020 as precautionary Covid-19 measure. Additionally, BAM repaid its unsecured subordinated convertible bond amounting to €120 million on the initial agreed repayment date.

As per 30 June 2022, BAM complies with all financial covenant requirements; the recourse leverage ratio was negative 5.49 (≤ 2.50) and the recourse solvency ratio was 23.8 per cent (≥ 15 per cent). The Group reported a net recourse interest income instead of an expense in the first six months period ended 30 June 2022, 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. See note 8.6 on estimates and assessment in the interim financial statements.

9. Legal proceedings

In the normal course of business the Group and its subsidiaries are 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 these claims, where appropriate, which are reflected on 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 2022 no significant legal proceedings took place.

10. 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 2022 no significant related party transactions outside the ordinary course of business took place.

11. 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 valued at fair value consist of interest rate swaps, foreign exchange contracts and a portion of the other financial assets. In line with the current accounting policies the derivatives are classified as a level 2 valuation method. As at 30 June 2022, the balance sheet includes derivative financial instruments measured at fair value amounting to €0.5 million (asset). The receivables valued on fair value through profit and loss, which are part of the other financial assets, amounted to €77 million and are classified as a level 3 valuation method – the fair value is determined based on the DCF-method.

As at 30 June 2022, the fair value of other financial assets, which are valued at amortised cost, is approximately €13 million (carrying amount €13 million). The fair value of the non-current PPP receivables is approximately €16 million (carrying amount at amortised cost €16 million). The carrying amounts of other financial instruments do not differ significantly from their fair values.

12. Dividend

There was no dividend declared over 2021 as the capital ratio was below strategic target. No shares have been repurchased in the first half-year of 2022.

13. Investment in associates and joint ventures

Investment in associates and joint ventures

In the first half-year of 2022, the share of result of investment in associates and joint ventures amounted to a gain of €32 million, which resulted from the share of result from Invesis and other (property development) joint ventures.

Invesis Joint venture

During the first half-year 2022, the share of result of investments in the joint venture Invesis amounted to €16 million. This amount includes, among other things, appropriate adjustments for €2 million negative relating to amortisation of assets which were based on their fair values at the acquisition date.

Hedge accounting relationships

In 2020, Dutch pension provider PGGM acquired a 50 per cent interest in BAM PPP (currently known as Invesis). As a result of the sale and subsequent deconsolidation, hedge accounting was discontinued. In the first half-year 2022, BAM decided to re-apply hedge accounting. Consequently, the hedge results are predominantly reported through equity, significantly reducing future volatility in the income statement.

In the first half-year 2022, a total amount of €19 million of movements in derivative positions is recognised in other comprehensive income (i.e. effective portion of the hedge) and €14 million is recognised in profit and loss, of which approximately €2 million relates to ineffective portion of the hedge and approximately €12 million relates to the fair value movements before re-entering into hedge accounting. BAM calculates ineffectiveness by using financial information from the project and relevant market information.

14. Assets held for sale

As part of BAM's Strategic plan Building a sustainable tomorrow, BAM started to pursue divestment of its stake in Wayss & Freytag Ingenieurbau AG, a wholly owned subsidiary within the Germany operating segment, including other non-core related assets in 2022. BAM had several meetings and negotiations with potential buyer and made the decision to sell Wayss & Freytag Ingenieurbau AG and certain assets in June 2022. On 20 June 2022, BAM signed a share purchase agreement with ZECH Building SE stipulating the key terms of this transaction. It is expected that the sale will be closed in the third quarter of 2022, transferring all shares and its related assets and liabilities of Wayss & Freytag Ingenieurbau AG to ZECH Building SE. Accordingly, all its assets and liabilities are classified as held for sale in the consolidated statement of financial position as at 30 June 2022. The related revenue and adjusted EBITDA for operating segment Germany are €215 million (2021: €175 million) revenue and €16 million (2021: €15 million) adjusted EBITDA.

As at 30 June 2022, the fair value exceeds the carrying amount of the assets and liabilities of the disposal group held for sale. The anticipated result upon the completion of the sale is approximately €50 million. Upon completion, the transaction will be settled in cash.

Assets and liabilities of disposal group held for sale

(x € million)

Non-current assets	65
Current receivables	133
Cash and cash equivalents	188
Total assets held for sale	386
Borrowings	15
Provision	20
Employee benefit obligation	18
Current payables	235
Total liabilities held for sale	288

The Group has indemnified the potential buyer and provided various guarantees in the normal course of selling a business. As at 30 June 2022 these indemnifications and guarantees have no significant impact on the fair value less cost to sell.

Cumulative income or expenses included in OCI

There are no material cumulative income or expenses included in OCI relating to the disposal group.

Assets held for sale Inventories

Assets held for sale includes one property development position in the East part of the Netherlands, which have not yet been transferred. The carrying amount of €6 million represents the fair value which is based on the sale price.

Assets held for sale Property, plant and equipment

In connection with the winddown of BAM International, certain crane barges were classified as held for sale with a carrying amount of €10 million, after an impairment of €5 million was recognised to bring its book value to its recoverable amount. The impairment of €5 million has been included in the impairment changes in the interim condensed consolidated income statement. See note 8.7.

15. Sale of BAM Galère and BAM Contractors nv

Sale of BAM Galère srl (and its direct subsidiaries)

On 3 February 2022, the Group sold its shares in BAM Galère srl including part of BAM Mat bv assets to Thomas & Piron Group. Due to the loss of control of BAM Galère srl, all the assets and liabilities of the former subsidiaries were fully derecognised as of 3 February 2022. BAM Galère srl was included in the operating segment Belgium.

The shares and part of BAM Mat bv assets were sold for an amount of €34 million, with related costs to sell of €2 million. A total impairment loss of €5 million was recognised to lower the carrying amount to its fair value less costs to sell. Of this impairment €4 million was already reported as per 31 December 2021. The impairment loss forms part of the impairment charges. Refer to Note 7.

The net cash outflow for the sale of BAM Galère srl amounted to €5 million and is included in the Proceeds from sale of Subsidiaries in the interim condensed consolidated cashflow statement. Total revenue up to 3 February 2022 amounted to €22 million with a total (adjusted) EBITDA of €1 million.

As per transaction date 3 February 2022 the following major categories of assets and liabilities that are derecognised following the loss of control are summarised below:

The effect of disposal of BAM Galère srl on the financial position of the Group:

(x € million)	3 February 2022
Non-current assets	20
Current receivables	82
Cash and cash equivalents	39
Total assets	141
Borrowings	14
Provision	8
Current payables	87
Total liabilities	109

The Group has indemnified the purchasers of BAM Galère srl for various risks that are in the normal course of selling a business. As at 30 June 2022, the Group has not recognised any liability for these indemnifications as no outflow of resources are probable. The maximum exposure for the Group amounts to €10 million for certain indemnifications and the total exposure is capped to the purchase price.

Press release of 18 August 2022, page 25 of 27

Sale of BAM Contractors nv

In the first half of 2022 the Group sold its shares in BAM Contractors nv to Desire Stadsbader N.V. The sale was completed on 5 May 2022. Due to the loss of control of BAM Contractors nv, all the assets and liabilities of the former subsidiary were fully derecognised as of 5 May 2022. BAM Contractors nv was included in the operating segment Belgium.

Due to the classification held for sale, a total impairment of €18 million was recognised for BAM Contractors nv to lower its carrying amount to its fair value less costs to sell. Of this impairment €16 million was already reported as per 31 December 2021. The impairment loss forms part of the impairment charges. Refer to note 7.

The shares were sold for an amount of €29 million in cash, with related costs to sell of €2 million. The net cash outflow for the sale of BAM Contractors nv amounted to €35 million and is included in the Proceeds from sale of Subsidiaries in the interim condensed consolidated cashflow statement. Total revenue up to 5 May 2022 amounted to €47 million with a total (adjusted) EBITDA of €2 million.

As per transaction date 5 May 2022 the following major categories of assets and liabilities that are derecognised following the loss of control are summarised below:

The effect of disposal of BAM Contractors nv on the financial position of the Group:

(x € million)	5 May 2022
Non-current assets	11
Current assets	68
Cash and cash equivalents	64
Total assets	143
Borrowings	12
Provisions	9
Current liabilities	95
Total liabilities	116

The Group has indemnified the purchaser for various risks that are in the normal course of selling a business. As at 30 June 2022, the Group has not recognised any liability for these indemnifications as no outflow of resources are probable. The maximum exposure for the Group amounts to €15 million for certain indemnifications and the total exposure is capped to the purchase price.

16. 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 2022 to 30 June 2022.

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 2022 to 30 June 2022, 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 2022
- The following interim condensed consolidated statements for the period from 1 January 2022 to 30 June 2022: the income statement, the statement of comprehensive income, the statement of changes in equity and statement of cash flows
- The notes comprising of a summary of the significant accounting policies 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.

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

Amsterdam, 17 August 2022

Ernst & Young Accountants LLP

A.A. van Eimeren