Royal BAM Group nv

2024 Tax Report

Royal BAM Group nv

Contents

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Preface

We consider our tax payments as a valuable contribution to the communities in which we operate. Besides our monetary contribution, we also believe that being open and transparent about BAM's approach to tax forms an integral part of our social responsibility. To turn our words into action, we have endorsed the Tax Governance Code developed by VNO-NCW (a Dutch employers' organisation), which aims for greater transparency on the tax position of Dutch listed companies.

In February 2021, VNO-NCW announced that the business community would develop a Tax Governance Code. This Tax Governance Code should lead to more transparency on the tax position of Dutch listed companies. Taxes are a vital source of revenue for countries around the world and help to fund essential services like education, healthcare and transport. Today, it is more important than ever that companies are open about their tax payments, so that people can understand how much is paid and why. Transparency builds trust. It is about putting the numbers into context, but also about demonstrating the commitment to comply with legislation and explaining a company's approach to tax. The Tax Governance Code is concise and based on the 'comply or explain' principle. The Code aims at a broad commitment of companies to endorse the ambitions expressed in this Code and to comply with it in its entirety.

Although in first instance written for Dutch listed companies, we also encourage non-listed companies to endorse the Code. If a principle or provision is not yet complied with, the company explains what it will do to meet the principles in a reasonable timeframe. VNO-NCW strongly believes that this Tax Governance Code will help to build trust and will serve as a meaningful answer to the public call to companies for more transparency and accountability on their tax position. It should also enable stakeholders to gain a better insight and understanding of companies' compliance with national and international tax rules.

BAM fully commits to the Tax Governance Code as developed by VNO-NCW. This Tax Report aims to substantiate this endorsement by providing insight in how we manage tax and how this aligns with the principles of the Code.

All numbers in this Tax Report are in EUR x 1,000, unless stated otherwise. Furthermore, the same materiality threshold has been applied as for our Annual Report.

Throughout this report several terms and definitions are used, which are in line with its meaning under IAS 12, paragraph 5. Terms and definitions not included under IAS 12, paragraph 5 are explained in this glossary.

Tax contribution
Any actual (net) cash flow to or from national taxation authorities.

Corporate tax
Domestic and foreign taxes which are based on taxable profits.

Withholding taxes
Taxes deducted at source, especially one levied by some countries on dividends, royalties, interest, services paid to a person or company resident outside that country.

Wage tax and social security premiums
Taxes withheld by BAM from employee remunerations and paid on behalf of employees to tax authorities.

Home countries
Countries where we have a permanent presence: Netherlands, UK, Ireland and Belgium.

1. Introduction

We are pleased to introduce the 2024 BAM Tax report. This report demonstrates our commitment to be transparent about our approach to tax.

BAM's purpose is to build a sustainable tomorrow. As a signal of our focus on leadership in sustainable construction, we defined clear sustainability goals early 2024. These include ambitious decarbonisation targets as well as targets for circularity, climate adaptation, biodiversity, safety, health, inclusion, and social value. This year BAM achieved an important milestone of a 70 per cent scope 1 and 2 CO_2 intensity reduction versus 2015 and for the sixth consecutive year BAM is placed on CDP's prestigious 'A' list for climate change.

On the social value component of our sustainability agenda, BAM is committed to creating a positive social impact within the communities where it operates. BAM's approach to social sustainability spans the physical safety of its own workforce (including subcontractors) and the public, the wellbeing of colleagues, supporting local economic development, social mobility and inclusion.

Social value can enable BAM to maximise the positive impact that work and procurement has on local communities, people and the environment. Social value is made tangible as a percentage of the project costs that have been invested in a way that benefits local - and other communities and society, thereby also contributing to sustainable economic growth.

Besides contributing in terms of activities that benefit society we also consider our tax payments as a valuable contribution to the communities in which we operate. Next to our monetary contribution, we also believe that being open and transparent about BAM's approach to tax forms an integral part of our social responsibility. To turn our words into action, we have endorsed in 2022 the Tax Governance Code developed by VNO-NCW, which aims for greater transparency on the tax position of Dutch listed companies.

In this 2024 Tax Report, we intend to give insight into the tax principles which are applied, and outline how these are embedded and safeguarded within the organisation. Furthermore, we provide insights into the taxes paid and collected, the tax numbers reported in the annual report, and the tax incentives used.

We trust this report is an important contribution towards more transparency as it will continue to improve the reporting to our stakeholders. To improve reliability of the Tax report, we have used the VNO-NCW Tax Governance Code as compliance basis for the 2024 report and subsequently obtained limited assurance on this report.

Frans den Houter,
CFO

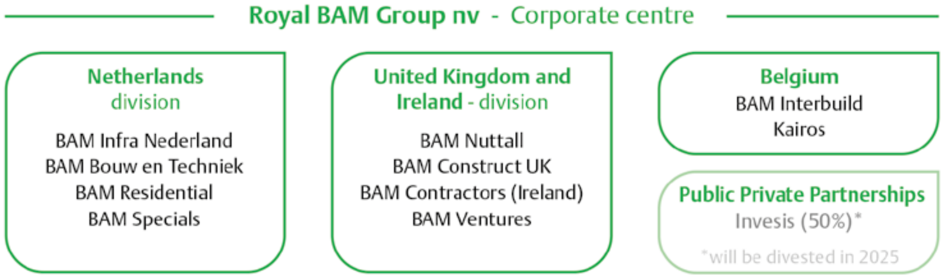
Walter Zuidgeest,
Head of Tax

Bunnik, the Netherlands
19 February 2025

2. Business and organisation

Organisation

BAM is organised in two divisions, one dedicated to the Netherlands and the other to the United Kingdom and Ireland. The Group's activities in Belgium are organised separately. The two divisions and Belgium are supported by a corporate centre.



BAM's Executive Committee consists of two Executive Board members (chief executive officer and chief financial officer), two chief operating officers, one responsible for the activities in the Netherlands and the other for the activities in the United Kingdom and Ireland, and the chief HR officer.

In divisions Netherlands and United Kingdom and Ireland, BAM leverages its scale and strong position to lead with replicable and 'best-in-industry' construction processes, delivered by highly skilled employees to create valuable, sustainable solutions for its clients.

Products and services

Civil Engineering and infrastructure
BAM builds, upgrades, and maintains roads, railways, bridges, tunnels, cables, sewage, and energy infrastructure. We are committed to making infrastructure ready for future demands by prioritising sustainability through innovative use of sustainable materials and practices.

Residential construction and property development
BAM constructs new homes and renovates existing ones. BAM delivers low-rise and mid-rise buildings, both prefabricated and custom-built. In its production facility, BAM manufactures affordable, sustainable wooden homes under the Flow brand. BAM also provides student accommodation and retirement homes.

Non-residential construction
BAM designs, constructs, maintains, renovate and operates commercial buildings, hospitals, healthcare facilities, educational facilities, leisure facilities industrial complexes, airports and more to make them fit for the future.

Mission and strategy

BAM has one clear mission – building a sustainable tomorrow. By staying focused on its goals, BAM has taken significant steps in the right direction. The year 2024 is the first year of the next phase for 2024–2026 of BAM's strategy 'Building a sustainable tomorrow'. BAM aspires to transition its business from conventional (grey) to environmentally conscious (green). BAM's success lies in partnering with clients who share its values and prioritise sustainability in achieving their goals. By providing value-based, reliable, and sustainable solutions while upholding safety standards, BAM can achieve these goals with its stakeholders.

BAM aims to be a market leader in sustainable, and profitable product market combinations (PMCs). The strategy for 2024-2026 focuses on protecting profitability, transforming through industrialisation and digitisation, and further expanding into growth markets.

BAM's strategy involves clear focus on profitable growth platforms in the Netherlands, and in the United Kingdom and Ireland, emphasising key clients and proven competitive advantages. A key initiative in the division United Kingdom and Ireland includes a focus on medium-sized projects with top clients and enhancing core and value chain capabilities such as advisory, design and engineering.
BAM's transformation centres on sustainability in markets where it is looking to differentiate from competition on product and process leadership and strong relationships with clients. BAM will target markets where prioritisation of innovation and sustainability can flourish, enabling transformation within the portfolio. A key initiative in the division Netherlands is to increase the number of biobased, industrialised Flow homes within residential.

BAM sees strong further growth in residential, new energy markets and renovations towards 2030. With BAM's scale and scope it is well positioned to serve these larger societal challenges. BAM targets leading positions in markets that are in line with its strengths and sustainability purpose. This will be done through expanding existing capabilities. A key initiative in both divisions is growing the presence in markets for energy solutions, including grids.

3. Financial year 2024

3.1 Significant events update

During 2024, the following significant events took place:

- On 6 February Royal BAM Group nv has been recognised for the fifth consecutive year for leadership in corporate transparency and performance on climate change by global environmental non-profit CDP, securing a place on its annual 'A List'. Based on data reported through CDP's 2023 Climate Change questionnaire, BAM is one of a small number of companies that achieved an 'A' - out of over 21,000 companies scored.
- On 3 May Royal BAM Group nv starts a share buyback programme for 7,216,389 ordinary shares to offset for the dilution effect due to the issue of stock dividend. In addition, the programme will also include the share buyback of approximately €30 million, as announced on 15 February 2024.
- On 25 October the Supervisory Board nominates Henri de Pater to succeed Frans den Houter as Chief Financial Officer of BAM.
- On 1 November BAM Telecom acquires WL Winet, specialist in mobile and wireless telecom networks.
- On 12 December the Supervisory Board proposes to appoint KMPG Accountants as external auditor for 2026, 2027 and 2028.
- On 16 December BAM reached an agreement to sell BAM Infra Funderingstechnieken to Gebr Van 't Hek.
- On 17 December BAM reached conditional agreement to divest its remaining 50% share in Invesis to joint venture partner PGGM.

3.2 Financial performance update

Revenue increased by 3% to €6.5 billion compared to full-year 2023, mainly driven by the division Netherlands. The development of the British pound exchange rate had a positive effect of €78 million.

Adjusted EBITDA increased by 10% to €333 million. This includes €20 million for successfully achieving the earnout targets on Invesis and a €31 million release of hedge reserve following classification of Invesis to assets held for sale. In the income statement, the earnout is reported in 'Other Including eliminations' and the hedge reserve is included in Invesis.

Net result was €82 million (2023: €175 million), reflecting earnings per share of €0.31 (2023: €0.65).

Adjusted items of €12.2 million refer to reorganisation costs in both divisions.

The net result was impacted by a €107 million non-cash impairment related to Invesis.

The tax rate of 6% is mainly explained by the yearly revaluation of deferred tax assets for tax losses. The tax rate is also supported by the future tax benefits arising from the liquidation from the wind down of operations.

(x € million, unless otherwise stated)	2024	
	Revenue	Adj. EBITDA
Division NL	3,231	160.8
Division UK&I	3,112	114.1
Germany, Belgium and International	113	6.4
Invesis	-	29.8
Other including eliminations	(1)	22.3
	6,455	333.3
Adjusted items		(12.2)
Depreciation and amortisation		(127.8)
Impairments		(114.5)
Finance result		8.5
Result before tax		87.4
Income tax expense		(5.2)
Non-controlling interest		0.0
Net result attributable to shareholders		82.2

4. Tax policy

At BAM our corporate purpose is to provide clients with best-in- industry capabilities, contribute to the global movement toward sustainability, provide employees a safe and rewarding work environment and generate attractive returns for shareholders. Recognising the role tax plays in this regard, BAM has adopted tax principles that balance the interest of the various stakeholders.

The BAM Code of Conduct and BAM Values (collaborative, inclusive, ownership, reliable and sustainable) are a common foundation for how we work, set the standard for our behaviour and provide a compass for decision making. Derived from and in line with these values and code of conduct, BAM has adopted the BAM Tax Policy. This tax policy is intended to set forth BAM's tax strategy, a commitment to the application of good tax practices and the underlying tax principles.

The BAM Tax Policy has been approved by the Executive Committee and the Audit Committee and is published on our website.

Scope

The tax policy applies to all companies of the group, as well as to all investees over which BAM has effective control. When BAM has no effective control, BAM will promote the alignment of their own tax policy with that of BAM. The tax policy applies to all taxes that BAM encounters in the course of its business. BAM's tax department supports awareness for and compliance with the tax policy.

Approach to tax

Tax is an important subject for BAM and its stakeholders. Tax payments are not just a cost factor only, but also a contribution to society and seen as a means for social economic cohesion, sustainable growth and long-term prosperity. Therefore, BAM strives to come to a responsible approach to tax as an integral part of its corporate social responsibility agenda. BAM will seek to align the long-term interests of all our stakeholders, including customers, employees, business partners, investors, and wider society.

BAM has adopted the VNO NCW Tax Governance Code. The following BAM tax principles guide our decisions on tax matters:

Accountability and governance

Tax is a core part of corporate social responsibility and governance and is overseen by the Board. We have a tax control framework that enables us to identify and assess tax risks, define our tax risk appetite and monitor and report tax controls (par 5).

Tax compliance

We are committed to comply with the letter, the intent and the spirit of the tax legislation and transfer pricing rules of the countries in which we operate and to pay the right amount of tax at the right time.

Tax transparency and reporting

We regularly provide information to our stakeholders, including investors, policy makers, employees and the general public, about our approach to tax and taxes paid.

Relationship with tax authorities

We seek, wherever possible, to develop cooperative relationships with tax authorities based on mutual respect, transparency and trust (par. 6).

Business structure

We will only use business structures that are driven by commercial considerations, are aligned with business activity and have genuine substance.

Our tax policy can be found here: BAM Tax policy statement | Koninklijke BAM Groep / Royal BAM Group

5. Risk management and governance

5.1 Risk management

Risk exposure is an inevitable part of our strategy; Controlled risks can lead to new opportunities, resulting in value creation. The strategy for 2024-2026 focuses on protecting profitability, transforming through industrialisation and digitisation, and further expanding into growth markets.. The strategy has been translated into BAM's enterprise risk management framework ('ERM'), and enables management to identify, evaluate and address risks.

5.1.1 Enterprise Risk Management (ERM)

ERM is a continuous risk management process that is represented at all layers of the BAM organization. A wide range of risk types are addressed periodically, including strategic, operational, financial and compliance risks. To support the process, our ERM tool (BRIC) offers insight and helps consciously conduct the risk dialogue.

Internal control helps the organization assess and provide insight into the effectiveness of its most important business processes. Based on this insight, measures can be taken so that the processes run as expected and lead to the desired result.

5.1.2 Tax Control Framework

Part of BAM's risk management framework is our effective tax control framework ('TCF'), which sets out the activities tools, techniques and organization arrangements to ensure all tax risks are identified, assessed, understood and that appropriate responses are in place to mitigate the impact of all risks. Tax risks are the risks that the company may be paying or accounting for an incorrect amount of tax (including both income and indirect taxes), or that the tax positions that the company adopts are out of step with the tax risk appetite that the Executive Board have authorised or believe is prudent. Tax risks may lead to a negative impact on the goals of the organisation, or to financial – or reputational – damage.
In organisations as ours, tax is impacting many processes in all parts of the organisation. As part of our TCF we have described the dedicated tax processes, such as the preparation of tax returns, step by step. By doing this we gain insight in where material risks are present in our processes. Where required we have implemented additional or tighter controls to manage these risks. Next to dedicated tax processes, tax can be relevant in business processes, such as tendering, HR, contract management, legal processes, etc. The relevant department also has a risk control framework in place, in which we ensure that the relevant tax step is included and controls are in place.

Risk assessment

For recurring processes, BAM performs a risk analysis regularly, but at least yearly. The risk analysis identifies the inherent tax risks. Inherent risk is the level of untreated risk that the organization faces, defined as the magnitude of risk in the absence of any risk controls or mitigants. An inherent tax risk is the possibility of a tax return as a whole, or of a tax return item, to be materially misstated. In the context of tax supervision, it is particularly important to note that tax risks can occur at several levels within the organization.

Then an estimate is made of the probability of an identified risk manifesting itself and the impact on the tax returns in the event it does.

This analysis leads to the identification of the most important risks (the so-called "key risks"). Subsequently, for each risk identified, BAM determines the desired response, based on the tax strategy and risk appetite.

Controls

Once the risk assessment has been performed and the risks are identified and assessed, the subsequent step is to select and establish control activities that would eliminate these risks or reduce their occurrences to at least an acceptable level.

Control activities are the actions established that help ensure that management's directives to mitigate risks to the achievement of objectives are carried out. Control activities are performed at all levels of the entity, at various stages within business processes, and over the technology environment. They may be preventive or detective in nature and may encompass a range of manual and automated activities.
Our tax controls are inspired by the COSO risk control framework. COSO lists the following examples of control activities, which are our preferred control types.

- policies and procedures
- authorisations, approvals and verifications
- a system of reconciliations
- performance reviews
- segregation of functions.

All relevant elements of identified risks and the selected control measures are documented in our tax risk matrices

Monitoring
Monitoring is an important element of our tax control framework. By monitoring we test and evaluate the performance of internal controls and to implement any improvements if required. Tax monitoring has two functions:

- Retrospective: Looking back and evaluate if the outcome of a process was correct. This can prevent material errors ending up in tax returns.
- Prospective: Going forward, detecting inadequate control or unknown risks.

Several monitoring activities are performed, whereby key control testing, data analysis and statistical sampling are the preferred monitoring methods.

5.1.3 Objectives
The TCF is a set of processes and internal control procedures ensuring that BAM's tax risks are known and controlled. Therefore, the TCF is an important means to manage our overall tax matters.
Furthermore, the TCF enables the company to achieve its operational and financial tax goals and to implement its tax strategy in a manageable and controllable manner. Also the TCF helps us communicate clearly about tax issues with all external and internal stakeholders. All elements together should lead to a fully functioning tax function, obtaining several advantages, which are also the objectives for preparing this TCF:
- Work is up to date
- Certainty about tax position (no "surprises")
- Image improvement, increased stakeholder confidence
- Efficient and effective control system for taxation
  - Improved quality of tax data
  - Faster reporting of tax
  - Better understanding of the tax situation, providing more insight into tax options
- Fewer corrections during tax audits and lower audit costs

5.1.4 Scope
The Tax Control Framework deals with corporate taxes, employment taxes, value added taxes and withholding taxes and applies to all entities that are part of the annual report consolidation and in relationship with employees and representatives of BAM Group.

5.2 Governance
Despite international developments tax law remains a very country specific topic. Therefore we have tax functions at different levels and locations in the organisation. At the level of the divisions, we have local tax functions providing tax expertise for specific types of taxations. The local tax functions are responsible for the tax matters of local companies and activities. The corporate centre tax function at the level of the head office oversees, aligns and supports these local tax functions. Where specific tax expertise is not available in our own organisation we consult external tax advisors.

At the corporate centre the tax function consists of 2 FTE's. In the Netherlands 4 tax experts are responsible to each manage a specific tax type as corporate income tax, employee related taxes and VAT. For the UK and Ireland 3 FTE's is responsible for local tax matters. In Belgium tax matters are embedded within the finance function.

To clarify and define roles and responsibilities for cross-functional or departmental processes, RACI models have been developed, allocating the key functions responsible, accountable, consulted, and informed for the main processes of the Tax Function.

The BAM tax policy is intended to serve as a guidance to the application of good tax practices and the underlying tax principles. Everyone who is contributing to the tax function adheres to the BAM tax policy. Fostering a speak up culture, in which employees feel empowered to talk about any issue without fear of negative consequences, is essential for BAM. The Speak Up procedure, which is also summarised in the Code of Conduct, encourages the reporting of possible breaches and offers protection for those who speak up. Furthermore, the revised procedure also includes the new requirements of the (EU) Whistleblower Directive.

The Executive Committee and the Audit Committee of the Supervisory Board have approved the BAM Tax Policy. Implementation and operation of the BAM Tax Policy, as well as reports on our tax position, tax risks and - developments, are reviewed by and discussed with the Audit Committee on a regular basis, no less than annually.

The corporate centre tax function regularly reports to the CFO and the Executive Committee on day-to-day operations, the status and effectiveness of the function and on tax developments.

6. Relationship with tax authorities

We seek to develop and maintain open, constructive and mutually respectful relations with tax authorities in our home countries based on transparency and trust. We only seek rulings from tax authorities to confirm the applicable tax treatment based on the full disclosure of the facts. We support the Organisation for Economic Co-operation and Development (OECD) initiatives to promote tax transparency and the reform of international tax systems in order to arrive at fair tax systems.

Netherlands
In the Netherlands, our relationship with the tax authorities is embedded in the 'individual monitoring plan'. During quarterly update meetings, we inform tax inspectors of business developments and potentially relevant tax topics. We also strive to update the tax inspectors on BAM's approach to tax. Furthermore, we proactively share our tax risk control matrix, which includes identified risks, potential exposure and mitigation measures. Finally, every year several risks are subject to a thorough and detailed internal review, whose outcome is shared and discussed with the tax authorities.

United Kingdom
In the United Kingdom, we have a dedicated HMRC Customer Compliance Manager. During yearly update meetings, we inform tax inspectors of business developments and potentially relevant tax topics. We also strive to update the tax inspectors on BAM's approach to tax. Finally, we proactively share our tax risk control matrix, which includes identified risks, potential exposure and mitigation measures. Every three years, we are subject to re-assessment of our tax processes and the subsequent risk profile, by HMRC. Latest review has been finalised in 2024. Currently our risk profile is low, which means that HMRC fully trusts and relies on our tax processes.

Ireland
In Ireland we have a more traditional relationship with the tax authorities, whereby filings are audited upon initiation by the Irish tax authorities.

Belgium
In Belgium we have a more traditional relationship with the tax authorities, whereby filings are audited upon initiation by the Belgium tax authorities.

7. Tax features and incentives

A tax feature is a part of a tax system designed to keep the system coherent. A tax incentive is a governmental tax measure designed to incentivise or encourage a particular business activity by reducing related tax payments. Tax incentives are available in the various countries where BAM operates. BAM will claim tax incentives if these are in line with business operations provided that BAM is entitled to these not just by the letter of the tax law, but also by its policy intention.

7.1 Tax features

Some of the most important tax features to BAM are:

7.1.1 Participation exemption (Netherlands and UK)

Royal BAM Group nv is BAM's ultimate parent company, and the Dutch participation exemption regime applies to income derived from its domestic and foreign subsidiaries. The Dutch participation exemption regime aims to eliminate economic double corporate taxation of profit distributions paid by a subsidiary to its parent company. A corporate taxpayer is exempt from Dutch corporate income tax on all benefits, such as dividends and capital gains, connected with a qualifying shareholding. In the UK, a similar participation exemption regime (substantial shareholding exemption) applies.

7.1.2 Loss carry-forward

Operational losses incurred that lead to a tax loss in a specific year can be carried forward to be offset against the taxable profits of a future year. This offsetting is subject to several conditions that may differ per country. The most important conditions relate to the timing (indefinite carry-forward or time-capped) and amount (full offsetting of a taxable profit or a percentage thereof). Most countries where BAM operates have a loss carry-forward regime.

7.2 Tax incentives

Some of the most important tax incentives to BAM are:

7.2.1 Research and development tax credit - WBSO (Netherlands)

If a company carries out research and/or development projects, it may be able to make use of the Dutch research and development tax credit WBSO (in Dutch: Wet ter Bevordering van Speur- en Ontwikkelingswerk).

Each year, the Dutch government allocates the WBSO budget as part of its Tax Plan. The WBSO R&D tax credit offers support for two different types of projects:

- *Development project*
  This category covers the development of technically new physical products, physical production processes or software (or parts thereof).
- *Technical scientific research*
  This category covers exploratory research of a technical nature.
  A company may apply for the WBSO tax credit for R&D activities carried out by its own employees, and for costs and expenditures incurred while carrying out an R&D project.

7.2.2 Energy Investment Allowance – EIA (Netherlands)

In the Netherlands, a company can receive a tax deduction for clearly defined investments (specific) and for tailor-made investments (generic) that result in substantial energy savings. A company can deduct 40 per cent of these investment costs from its taxable profit. This is possible on top of the usual depreciation. These investments are described as 'company resources' on the Energy List.

7.2.3 Environmental Investment Allowance - MIA (Netherlands)

In the Netherlands, a company can receive a tax deduction for investments listed on the Environment List, referred to as business assets, which are minimally damaging to the environment. A company can deduct up to 45 per cent of the investment costs for an environmentally friendly technology on top of the usual depreciation.

7.2.4 Research and Development expenditure credit – RDEC (UK)

Research and Development (R&D) reliefs support companies that work on innovative projects in science and technology. These can be claimed by companies that seek to research or develop an advancement in their field. Large companies can claim a Research and Development Expenditure Credit (RDEC) for working on R&D projects. A company may be able to claim corporation tax relief if the project meets the specific definition of R&D.

The credit is calculated at 13 per cent of a company's qualifying R&D expenditure and is taxable as trading income. Regardless of whether a company makes a profit or loss, the credit may be used to discharge the company's corporation tax liabilities.

7.2.5 Research and development tax credit (Ireland)

Money spent by a company on research and development activities may qualify for the R&D tax credit. The credit is calculated at 30 per cent of qualifying expenditure, and is used to reduce a company's Corporation Tax.

A company may qualify for the R&D tax credit if:

- it is within the charge of Corporation Tax in Ireland;
- it carries out qualifying R&D activities in Ireland or the European Economic Area (EEA);
- the expenditure does not qualify for a tax deduction in another country.

8. Effective tax rate

The purpose of this section is to explain the tax charge and the effective tax rate in more detail. This information is also included in BAM's 2024 Annual Report.

(x €1,000)	2024
Result before tax	87,400
Tax calculated at Dutch rate of 25.8%	22,549
Tax effects of:	
• Tax rates other countries	(4,665)
• Non-deductible expenses	18,576
• Adjustments from filing tax returns	(8,566)
• Previously unrecognised tax losses	(48,488)
• Tax losses no(t) (longer) recognised	5,031
• Results of investments and other participations	18,171
• Change in uncertain tax provisions	2,556
• Other	-
Tax charge/(gain)	5,164
Effective tax rate	5.9%

Tax calculated at Dutch tax rate
BAM reported a profit before tax of €87 million over 2024. The IFRS reporting standards suggests that the presentation of the tax expense starts with the tax that would have been due if the profit before tax had been subject to the ultimate parent company's tax rate.

Tax rates in other countries
As BAM does business in several countries where tax rates are applicable that differ from the Dutch tax rate, the impact of such different tax rates is shown. In 2024, the main driver of this item was Ireland, where operational profits are subject to 12.5 per cent corporate income tax.

Non-deductible expenses
Several countries where BAM has business activities do not allow full deduction of certain, specific, business expenses. These are mainly expenses for which also a private element can be identified, such as meals, entertainment, etc.

Furthermore, in the Netherlands, costs relating to non-refundable debt financing are not tax deductible and treated as informal capital contributions in the respective subsidiary.

Adjustments for filing tax returns
Current and deferred tax provisions reported relating to prior years have been updated to reflect positions more accurately. This is mostly due to the filing of tax returns which take place in a subsequent reporting period.

Previously unrecognised tax losses
In the Netherlands and Belgium, BAM has a substantial amount of tax losses available for carry-forward. This amount of tax losses is not recognised in full. BAM therefore regularly reassesses the expected amount of tax losses that will be utilised in the foreseeable future. The foreseeable future is defined as the five years following the reporting date. Based on operational forecasts, the reassessment has resulted in additional recognition of tax losses in both the Netherlands and Belgium.

Furthermore, BAM has tax losses available for carry-forward in several countries, which are not recognised. In some of these countries, BAM reported an operational profit in 2024, which can be offset with available tax losses. Therefore, BAM has recognised additional tax losses for these specific operational results in 2024.

In addition, , in the Netherlands BAM is, under strict conditions, entitled to a fiscal liquidation loss deduction for operational losses incurred abroad. For this future deduction a deferred tax asset is recognized.

Tax losses not or no longer recognised
Furthermore, BAM has reported operational losses in 2024 in some countries. It assesses if and to which extent these tax losses will be utilised in the foreseeable future. Based on this assessment, BAM has not recognised tax losses from 2024 for operational losses incurred in some countries.

Results of investments and other participations
In almost all countries where BAM operates, results from participations – operational results, dividend distributions and/or capital gains and losses – are fully or partly exempted from taxation (see also 7.1.1 Participation Exemption). In 2024, BAM reported several results from non-consolidated subsidiaries, associates and joint ventures that are exempted from taxation.

Change in uncertain tax provisions
BAM regularly reassesses its identified tax risks and its potential exposure. It subsequently updates its provision for uncertain tax positions.

Pillar two – Global minimum taxation
In December 2023, the Council of the European Union unanimously adopted the Directive implementing Pillar Two global minimum tax rules. This directive aims to ensure a global minimum level of taxation of 15% in all countries in which multinationals are present. The Group completed an assessment of the impact of the new rules based on initiatives presented by governments in countries in which the Group is active. Based on this assessment the Group expects to meet the transitional safe harbour requirements in almost all jurisdictions. In jurisdictions where transitional safe harbour requirements are not met, the Pillar Two charge is assessed to be immaterial. The adoption of the Pillar Two Model rules by the jurisdictions in which the Group operates, is expected to have no material impact.

In all relevant jurisdictions the applicable tax rate is around 25%, well above the minimum rate of 15%. The only exception is Ireland, where the corporate income tax rate is 12.5% for trading income and 25% for non-trading income. At the current mix of income, the Group expects an effective tax rate in Ireland of circa 15% and thus no material additional Pillar Two charge is expected. The Group applies the mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules.

9. Deferred taxes

Deferred taxes are taxes that are due in future years (liabilities) or recoverable in the foreseeable future (assets), due to timing differences between IFRS reporting and local tax rules.

For example, under IFRS, tangible assets are depreciated in a straight line for three years, while under Dutch local tax rules a minimum of five years is prescribed. This means that for tax purposes, tangible asset depreciation in years 1, 2 and 3 are lower than under IFRS, leading to a higher current tax liability as expected from the IFRS numbers. However, higher tax depreciation in years 4 and 5 leads to a lower current tax liability than expected from the IFRS numbers. This future lower current tax liability is reported at the end of years 1, 2 and 3 in a deferred tax asset.

	Year 1	Year 2	Year 3	Year 4	Year 5
IFRS					
EBITDA	1,000	1,000	1,000	1,000	1,000
Depreciation	(500)	(500)	(500)		
PBT	500	500	500	1,000	1,000
Tax GAAP					
EBITDA	1,000	1,000	1,000	1,000	1,000
Depreciation	(300)	(300)	(300)	(300)	(300)
PBT	700	700	700	700	700
Current tax	175	175	175	175	175
Deferred tax	(50)	(50)	(50)	(50)	(50)
Total tax	125	125	125	125	125
	25%	25%	25%	25%	25%
Deferred tax asset	50	100	150	75	-

BAM has several deductible and taxable temporary differences resulting in deferred tax positions (per year-end 2024), that can be summarised as follows:

(x €1,000)	Deferred tax		
	Assets	Liabilities	Net
Non tangible assets	36,975	-	36,975
Tangible assets	2,300	44,420	(42,120)
Other receivables	1,115	-	1,115
Loans and borrowings	42,349	265	42,084
Derivatives	-	181	(181)
Employee provisions	25	10,954	(10,929)
Other provisions	8,229	-	8,229
Tax losses	69,783	-	69,783
Subtotal	**160,776**	**55,820**	**104,956**
Netting	(48,901)	(48,901)	-
Total reported	**111,875**	**6,919**	**104,956**

Intangible and financial assets
Due to the wind-down of BAM International and the subsequent liquidation of legal entities, in the Netherlands BAM is, under strict conditions, entitled to a fiscal liquidation loss deduction. For this future deduction a deferred tax asset is recognized.

Another part of this item relates to the operational losses reported in Dutch CV companies. Operational losses are reported in the year of occurrence under IFRS, but can only be deducted for tax purposes up to the amount of capital contributed into the CV company, which often takes place in a subsequent year.

Tangible assets
This item relates to right-of-use assets that are recognised on the IFRS balance sheet, which is subject to depreciation. For tax purposes, recognition and subsequent depreciation are not allowed.

Furthermore, local tax rules dictate specific depreciation schemes for groups of assets. This depreciation scheme may differ from the depreciation scheme applied under IFRS. As a result, depreciation amounts are not always aligned.

Loans and borrowings
Loans and borrowing mainly relate to financial leases, which are accrued in full under IFRS. This is not allowed for tax purposes, where only the actual payments made during a year are tax-deductible.

Employee benefits provision
Especially defined benefit pension schemes result in pension provisions under IFRS, accruing for future payments to be made. Local tax legislation does not allow for such accrual, and only accepts tax deduction for actual payments made during the year.

Other provisions
In general, the rules for recognising a provision under local tax legislation is more strict than under IFRS. As a result, expected costs can be accrued earlier under IFRS than under local tax legislation.

Tax losses and tax credits
Reference is made to paragraph 11 of this Tax Report.

Netting
Under IFRS deferred tax assets and liabilities shall be offset if (1) the company has a legally enforceable right to do so for current tax payments, and (2) both the asset and the liability relate to income taxes levied by the same taxation authority.

10. Total tax contributions

This overview provides with information on tax cash flows to and from national taxation authorities on corporate income tax, withholding taxes, VAT and wage tax and social security premiums.

(x €1,000)

	Corporate tax		Withholding taxes	VAT	Wage tax and social security premiums	**Total**
	Accrued	**Cash**	**Cash**	**Cash**	**Cash**	**Cash**
Netherlands	18,217	11,703	3,876	183,573	256,103	**455,255**
United Kingdom	15,415	787	-	203,093	130,454	**334,334**
Ireland	4,032	1,413	6,391	(10,164)	22,215	**19,855**
Belgium	1,106	1,546	-	2,217	7,893	**11,656**
Australia	414	139	-	973	421	**1,533**
Denmark	-	-	-	(16,507)	3,333	**(13,174)**
Germany	14	(190)	-	-	-	**(190)**
Spain	-	68	-	-	-	**68**
United Arab Emirates	100	-	-	-	-	**-**
Total	**39,298**	**15,466**	**10,267**	**363,185**	**420,419**	**809,337**

Corporate tax accrued represents current income accrued relating to the current year.

The numbers represent all subsidiaries where BAM holds a 100% shareholding. Joint venture companies are represented to the extend BAM is performing the administration for such joint venture.

Withholding taxes in the Netherlands represent the tax withheld from dividend payments to our shareholders.

Withholding taxes in Ireland represent Relevant Contracts Tax (‘RCT’), a withholding tax that applies to certain payments by principal contractors to subcontractors in the construction, forestry and meat-processing industries. The RCT tax rate will depend on the subcontractor’s compliance record with the Irish tax authorities.

The negative VAT contribution in Ireland is the consequence of the local VAT law. Outgoing invoices to local clients can be sent while applying the reverse charge mechanism, thereby shifting the VAT charge to the client. Conversely, income invoices from suppliers are received including local VAT, which can be reclaimed from the Irish tax administration.

11. Tax losses available for carry-forward

BAM has incurred tax losses in several countries from loss-making operational projects. These tax losses are, subject to certain criteria, available for carry-forward and will – where possible – be settled against future operational profits.

In countries where we continue operations, tax losses that can be utilised in the foreseeable future are recognised in the form of a deferred tax asset. The foreseeable future is defined as the five years following the reporting date.

Netherlands
In the Netherlands, BAM has a total amount of tax losses available for carry-forward of roughly €393 million as per year-end 2024. BAM expects that €252 million of the total amount can be utilised in the foreseeable future, and this is therefore recognised as a deferred tax asset.

Available tax losses can be carried forward indefinitely and can be settled against profits up to €1 million in full. Additionally, 50 per cent of profits exceeding €1 million can be settled against available tax losses.
United Kingdom
No tax losses are available in the United Kingdom.

Ireland
In Ireland, BAM has a total amount of tax losses available for carry-forward of roughly €20 million as per year-end 2024. As these tax losses are ringfenced by specific provisions in the Irish tax legislation, it is not expected that they will be utilised in the foreseeable future, and therefore no deferred tax asset is recognised.

Belgium
In Belgium, BAM has a total amount of tax losses available for carry-forward of roughly €29 million at year-end 2024. Of this total amount, €18 million is expected to be utilised in the foreseeable future and recognised as a deferred tax asset.

Available tax losses can be carried forward indefinitely and can be settled against profits up to €1 million in full. Additionally, 70 per cent of profits exceeding €1 million can be settled against available tax losses.

12. Business structure

At the end of 2024, BAM's legal structure consisted of roughly 400 legal entities.

This significant number of legal entities is caused by the nature of our business. Many projects are co-creations with other building companies or area development companies, each with different participants and with different share ratios. Especially within the property development business (AM), this is very common.

Also, the type of financing for a project may require the incorporation of separate legal entities for individual projects.

As outlined in our tax policy, we will not make use of 'tax havens' or of 'non-cooperative jurisdictions' (in the sense of secrecy jurisdictions with none or very low taxation) other than for business purposes (i.e., not for tax avoidance purposes). All entities that are present within our structure serve a business purpose. In countries where we have sold businesses or the business is in the process of wind-down, we generally dissolve the legal entities when the business terminates. Nevertheless, some legal entities and/or structures are present that currently serve a remote business purpose. BAM is in the process of dissolving these legal entities when possible.

In line with our 2024 Annual Report, we have disclosed the materially active and controlled BAM companies.

Netherlands	
BAM Groep Nederland bv, Bunnik	Holding and support services
BAM Nederland bv, Bunnik	Holding and support services
BAM Bouw en Techniek bv, Bunnik	Construction
BAM Residential bv, Bunnik uniting the activities of:	Holding and support services
BAM Wonen bv, Bunnik	Construction
Homestudios bv, Bunnik	Construction
AM bv, Utrecht	Property development
BAM Specials bv, Bunnik uniting the activities of:	Holding and support services
BAM Energie & Water bv, Nieuwleusen	Infrastructure
BAM Telecom bv, Zwammerdam	Infrastructure
BAM Infra Nederland bv, Gouda uniting the activities of:	Infrastructure
BAM Infra bv, Gouda	Infrastructure
BAM Infra Rail bv, Bunnik	Infrastructure
BAM Infraconsult bv, Bunnik	Engineering and consulting
Belgium	
BAM Belgium bv, Berchem, Antwerp uniting the activities of:	Holding and support services
BAM Interbuild bv, Berchem, Antwerp	Construction
Kairos nv, Antwerp	Property development
Ireland	
BAM Contractors Ltd, Kill	Construction and infrastructure
United Kingdom	
BAM Construct & Ventures UK Ltd, Hemel Hempstead uniting the activities of:	Construction
BAM Construction Ltd, Hemel Hempstead	Construction
BAM FM Ltd, Glasgow	Facility management
BAM Nuttall Ltd, Camberley	Infrastructure
Joint arrangements	
Invesis bv, Bunnik (50%)	PPP

13. VNO-NCW Tax Governance Code compliance

	Principle and best practice determination	Comply or explain	Explanation
A	**Approach to tax** The Company sees tax not as a cost factor only, but as a means for social economic cohesion, sustainable growth and long-term prosperity.		
1.	The Company's approach to tax is based on a tax strategy and set of principles approved by the board of directors, the supervisory board, or delegated sub-committee (the Board).	Comply	Our approach to tax is stated in the Tax Policy, which is published both in our Tax Report (par. 4) and on the company's website. Furthermore, the approval by the Executive Committee and Audit Committee is explained in the governance paragraph (5.2).
2.	The Company reports at least annually to the Board on tax risks and adherence to the tax strategy and principles.	Comply	How we report to the Board is explained in the governance paragraph of our Tax Report (par. 5.2).
3.	The Company's tax strategy and principles apply to all group entities.	Comply	The scope of our Tax Policy is stated in the Tax Policy itself, which is published both in our Tax Report (par. 4) and on the company's website.
4.	The Company's tax principles apply to how the Company operates in its relationships with employees, customers and contractors.	Comply	The scope of our Tax Policy is stated in the Tax Policy itself, which is published both in our Tax Report (par. 4) and on the company's website.
B	**Accountability & Tax Governance** Tax is a core part of corporate social responsibility and governance and is overseen by the Board.		
1.	The Board is accountable for the tax strategy, principles and tax risk management.	Comply	The accountability and governance is included in Tax Policy, which is published both in our Tax Report (par. 4) and on the company's website. In addition, our CFO has co-written the introduction of our Tax Report, committing to the importance of our transparent approach to tax, contributing to our corporate social responsibility.
2.	The Company has a tax control framework that sets out the tax controls and risk management.	Comply	In our Tax Report (par 5.1) we elaborate on how we manage our tax risks.
3.	Internal or external auditors regularly review the Company's tax controls as part of the audit of its financial results.	Comply	Tax controls are audited internally and in the Netherlands the outcome is shared and discussed with Dutch tax authorities.

	Principle and best practice determination	Comply or explain	Explanation
C	**Tax Compliance** The Company is committed to comply with the letter, the intent and the spirit of the tax legislation of the countries in which it operates and to pay the right amount of tax at the right time.		
1.	The Company prepares and files all tax returns required, providing complete, accurate and timely disclosures to all relevant tax authorities.	Comply	Our approach to Compliance is stated in the Tax Policy, which is published both in our Tax Report (par. 4) and on the company's website. Furthermore, our relationships with tax authorities (par. 6) also explains how we disclose information to tax authorities.
2.	The Company's responsible tax planning is based on reasonable interpretations of applicable law and is aligned with the substance of the economic and commercial activity of its business.	Comply	Our approach to tax planning is stated in the Tax Policy, which is published both in our Tax Report (par. 4) and on the company's website.
3.	The Company will not undertake transactions or engage in arrangements of which the sole purpose is to create a tax benefit that is in excess of a reasonable interpretation of relevant tax rules.	Comply	Our tax approach to transactions is stated in the Tax Policy, which is published both in our Tax Report (par. 4) and on the company's website.
4.	The Company will only claim tax incentives in line with the policy intent of such tax incentives and provided such incentives are generally available.	Comply	The tax features and tax incentives that are relevant for BAM are listed in our Tax Report (par. 7). We also make a statement on when we apply for tax incentives.
5	If the Company seeks certainty in advance from tax authorities to confirm an applicable tax treatment, it does so based on full disclosure of all relevant facts and circumstances.	Comply	Our relationships with tax authorities (par. 6) states when and how we seek certainty in advance with tax authorities. Furthermore, it also explains how we disclose information to tax authorities.

	Principle and best practice determination	Comply or explain	Explanation
D	**Business Structure** The Company will only use business structures that are driven by commercial considerations, are aligned with business activity and have genuine substance.		
1.	The business activities drive the Company's tax structure. The Company does not use so-called tax havens for tax avoidance. All entities in tax havens exist for substantive and commercial reasons.	Comply	Our approach to tax structuring is stated in the Tax Policy, which is published both in our Tax Report (par. 4) and on the company's website. In the Tax Policy we make a statement on which business structures we use (par. 12).
2.	The Company pays tax on profits according to where value is created within the normal course of commercial activity.	Comply	Our approach to compliance is stated in the Tax Policy, which is published both in our Tax Report (par. 4) and on the company's website. In the Tax Policy we make statements on following transfer pricing regulations and paying the right amount of tax at the right time
3.	The Company uses the arm's length principle, in line with guidelines issued by the OECD, and applies this consistently across its businesses, contingent on local laws.	Comply	Our tax approach to transfer pricing is stated in the Tax Policy, which is published both in our Tax Report (par. 4) and on the company's website. In the Tax Policy we make a statement on following transfer pricing regulations and paying the right amount of tax at the right time. Furthermore, in our relationship with Tax Authorities we state to support the OECD initiatives for fair tax systems.
E	**Relationships with Tax Authorities and Other External Stakeholders** Mutual respect, transparency and trust drive the Company's relationships with tax authorities and other relevant external stakeholders.		
1.	The Company seeks to develop cooperative relationships with tax authorities, and relevant other authorities, based on mutual respect, transparency and trust.	Comply	In our Tax Report we elaborate on our relationship with tax authorities (par. 6).
2.	The Company seeks to engage constructively in national and international dialogue with governments, business groups and civil society to support the development of effective tax systems, legislation and administration.	Comply	BAM is actively participating in tax groups at VNO-NCW and Bouwend Nederland, which groups are engaged in dialogues on development of and changes in (international) tax laws and regulations.
3.	The Company will work collaboratively with tax authorities to achieve early agreement on disputed issues and certainty on a real-time basis, wherever possible. Where there is controversy, the Company will strive to resolve the controversy by applying these principles.	Comply	In our Tax Report we elaborate on our relationship with tax authorities (par. 6).

	Principle and best practice determination	Comply or explain	Explanation
F	**Tax Transparency & Reporting** The Company regularly provides information to its stakeholders, including investors, policy makers, employees, civil society and the general public, about its approach to tax and taxes paid. The Company will therefore publish the following information:		
1.	A tax strategy or policy and its tax risk management strategy.	Comply	Our approach to tax is stated in the Tax Policy, which is published both in our Tax Report (par. 4) and on the company's website. Furthermore, the approval by the Executive Committee and Audit Committee is explained in the governance paragraph (5.2).
2.	A list of entities, with ownership information and a brief explanation of the type and geographic scope of activities.	Comply	A list of main legal entities within our structure is disclosed in our Tax Report (par. 12). A full list of legal entities is filed and publicly available with the Dutch Commercial Register.
3.	Annual information on the corporate income tax the Company accrues and pays on a cash basis at a country level.	Comply	An overview of accrued CIT and tax cash contributions is included in our Tax Report (par. 10).
4.	The total tax borne and collected by the Company, globally or per country, including corporate income taxes, property taxes, (non-creditable) VAT and other sales taxes, employer/employee related taxes, and other taxes that constitute costs to the Company or are remitted by the Company on behalf of customers or employees, by category of taxes.	Comply	An overview of taxes borne and collected is included in our Tax Report (par. 10).
5.	Information on financially material tax incentives (e.g. tax holidays), including an outline of the incentive requirements and when it expires.	Comply	Information on the tax features and incentives we use are disclosed in our Tax Report (par. 7).
6.	An outline of the advocacy approach the Company takes on tax issues, the channels through which the Company engages in regard to policy development and the overall purpose of its engagement.	Comply	BAM is actively participating in tax groups at VNO-NCW and Bouwend Nederland, which groups are engaged in dialogues on development of and changes in (international) tax laws and regulations.

Independent auditor's review report

Our conclusion

We have reviewed the Tax Report of Koninklijke BAM Groep N.V. (hereinafter: the company or Royal BAM Group nv) based in Bunnik, the Netherlands for the financial year ended 31 December 2024.

Based on our review, nothing has come to our attention that causes us to believe that the Tax Report for the financial year ended 31 December 2024 is not prepared in all material respects in accordance with the Tax Governance Code of VNO NCW (hereinafter: the Code).

Basis for our conclusion

We conducted our review in accordance with Dutch law, including the Dutch Standard 2400, "Opdrachten tot het beoordelen van financiële overzichten" (Engagements to review historical financial statements). A review of the Tax Report in accordance with the Dutch Standard 2400 is a limited assurance engagement. Our responsibilities under this standard are further described in the 'Our responsibilities for the review of the Tax Report' 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 for Professional Accountants).

We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Emphasis of the basis of preparation

We draw attention to the preface of the Tax Report which describes the basis of preparation, being the Code. The Tax Report is prepared by Royal BAM Group nv to report about the approach of the company to tax to the stakeholders. As a result, the Tax Report may not be suitable for another purpose. Our conclusion is not modified in respect of this matter.

Responsibilities of the Executive Board for the Tax Report

The Executive Board is responsible for the preparation of the Tax Report in accordance with the Code. Furthermore, the Executive Board is responsible for such internal control as it determines is necessary to enable the preparation of the Tax Report that is free from material misstatement, whether due to fraud or error.

Our responsibilities for the review of the Tax Report

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 skepticism throughout the review, in accordance with Dutch Standard 2400.

Our review included among others:

- Obtaining an understanding of the company and its environment and the applicable (financial) reporting framework, in order to identify areas in the Tax Report 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 the company's accounting systems and accounting records and consider whether these generate data that is adequate for the purpose of performing the analytical procedures
- Making inquiries of the Executive Board and others within the company
- Applying analytical procedures with respect to information included in the Tax Report
- Obtaining assurance evidence that the Tax Report agrees with, or reconciles to, the company's underlying accounting records and annual report for the year ended 31 December 2024
- Evaluating the assurance evidence obtained
- Considering the appropriateness of accounting policies used and considering whether the accounting estimates and related disclosures made by the executive board appear reasonable
- Considering whether the Tax Report and the related disclosures have been prepared in accordance with the Code and represent the underlying transactions and events free from material misstatement.

Utrecht, 19 February 2025

EY Accountants B.V.

Signed by: J.H.A. de Jong